

**SCHOOL DISTRICT
OF
TOWNSHIP OF COMMERCIAL**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Township of Commercial Board of Education

Port Norris, New Jersey

For the Fiscal Year Ended June 30, 2012

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For the Fiscal Year Ended June 30, 2012

Prepared by

Commercial Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

INTRODUCTORY SECTION

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9 - 10
Required Supplementary Information – Part I Management's Discussion and Analysis	11-20

Basic Financial Statements

A. District-wide Financial Statements:	
A-1 Statement of Net Assets	21
A-2 Statement of Activities	22
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
B-4 Statement of Net Assets	26
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	27
B-6 Statement of Cash Flows	28
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	29
B-8 Statement of Changes in Fiduciary Net Assets	30
Notes to the Financial Statements	31-55

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:	56
C-1 Budgetary Comparison Schedule – General Fund	57-62
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Education Jobs Fund Program – Budget and Actual	63
C-2 Budgetary Comparison Schedule – Special Revenue Fund	64

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	65
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	66-67
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	68
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	69
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	70
F-2a-d Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	71-72d
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	73
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	74
G-3 Combining Schedule of Cash Flows	75
Internal Service Fund:	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Other Supplementary Information (Continued)

H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Assets	76
H-2	Combining Statement of Changes in Fiduciary Net Assets	77
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	78
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	79
I.	Long-Term Debt:	
I-1	Statement of Serial Bonds	80
I-2	Schedule of Obligations under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	82

STATISTICAL SECTION (Unaudited)

J. Introduction to the Statistical Section

Financial Trends Information/Schedules

J-1	Net Assets by Component	83
J-2	Changes in Net Assets	84
J-3	Fund Balances - Governmental Funds	85
J-4	Changes in Fund Balances, Governmental Funds	86
J-5	General Fund Other Local Revenue by Source	87

Revenue Capacity Information

J-6	Assessed Value and Estimated Actual Value of Taxable Property	88
J-7	Direct and Overlapping Property Tax Rates	89
J-8	Principal Property Taxpayers	90
J-9	Property Tax Levies and Collections	91

Debt Capacity Information

J-10	Ratios of Outstanding Debt by Type	92
J-11	Ratios of General Bonded Debt Outstanding	93
J-12	Direct and Overlapping Governmental Activities Debt	94
J-13	Legal Debt Margin Information	95

Demographic and Economic Information

J-14	Demographic and Economic Statistics	96
J-15	Principal Employers	97

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	98
J-17	Operating Statistics	99
J-18	School Building Information	100
J-19	Schedule of Required Maintenance Expenditures by School Facility	101
J-20	Insurance Schedule	102

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	103-104
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	105-106
K-3	Schedule of Expenditures of Federal Awards - Schedule A	107
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B	108
K-5	Notes to the Schedules of Awards and Financial Assistance	109-110
K-6	Schedule of Findings and Questioned Costs	111-114
K-7	Summary Schedule of Prior Audit Findings	115

INTRODUCTORY SECTION

Commercial Township School District

ADMINISTRATION BUILDING
1308 NORTH AVENUE • P.O. BOX 650
PORT NORRIS, NEW JERSEY 08349

JOHN SAPORITO
SUPERINTENDENT
TELEPHONE: (856) 785-0362

LISA M. DI NOVI
BOARD SEC. /BUS. ADMINISTRATOR
FAX: (856) 785-2354

October 29, 2012

Honorable President and
Members of the Board of Education
Commercial Township School District
Cumberland County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Commercial Township Public School District (District) or the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials.
- The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, P.L. 98-502 and as amended by the Single Audit Act Amendments of 1996, P.L. 104-156 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Commercial Township Public School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Commercial Township Board of Education and its two schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2011-2012 fiscal year with a June enrollment of 636 students, which is 29 less than the previous year enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>June 30 Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-12	636	(4.36)%
2010-11	665	0.00%
2009-10	665	.15%
2008-09	664	.79%
2007-08	659	(.76)%
2006-07	674	(.59)%
2005-06	678	(4.10)%
2004-05	707	(0.14)%
2003-04	708	(1.26)%
2002-03	717	.28%

2. ECONOMIC CONDITION AND OUTLOOK:

Commercial Township continues to be an economically depressed area, which continues to experience limited growth residentially and industrially. It is safe to say that this pattern shall continue.

3. MAJOR INITIATIVES:

The Commercial Township School District is endeavoring to raise the achievement level of all its students particularly in the critical areas of language arts literacy and mathematics. District, state, and federal funds have been leveraged to review curriculum and instruction, provide new language arts and mathematics instructional materials, and professional development in instructional methods aimed at improving student progress. Literacy consultants have been hired to work directly with classroom teachers K-8.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

7. DEBT ADMINISTRATION:

At June 30, 2012 the district's outstanding debt issues were \$2,323,308 including \$2,150,000 in general obligation bonds. In August 1993, the district issued New Jersey Economic Development Authority bonds in the amount of \$495,990, of which \$173,308 is outstanding at June 30, 2012. The proceeds of this bond issue were placed in the district's capital projects fund for use to provide funds for capital improvements to the district's building and grounds. These improvements included re-roofing project, five classroom additions, and a covered walkway.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

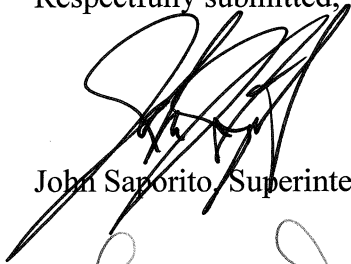
10. OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of the accounting firm of Nightlinger, Colavita and Volpa, P.A. was selected by the Board's Audit Committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, P.L. 98-502 and as amended by the Single Audit Act Amendments of 1996, P.L. 104-156, and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Commercial Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. We received the complete cooperation from Nightlinger, Colavita & Volpa, P.A. and appreciate the courtesies extended to us.

Respectfully submitted,

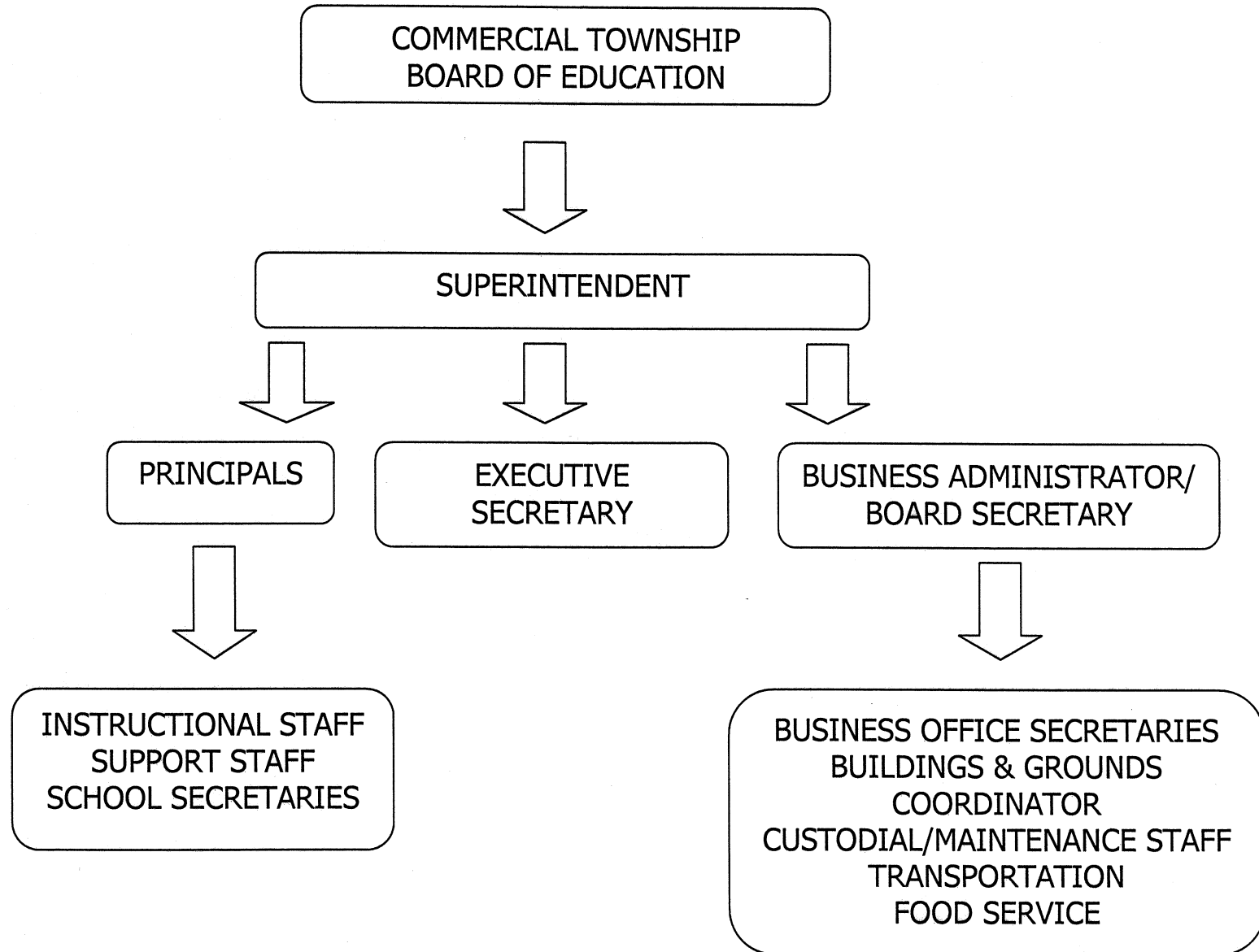


John Saporito, Superintendent



Lisa M. DiNovi, School Business Administrator/Board Secretary

COMMERCIAL TOWNSHIP PUBLIC SCHOOLS ORGANIZATION CHART



COMMERCIAL TOWNSHIP BOARD OF EDUCATION
PORT NORRIS, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Carol Perrelli, President	2012
Melissa Chamberlain, Vice President	2013
Julie Baum-Abbott	2013
Guy Defrabrites	2013
Tom Beachaump (To January 2012)	
Lisa Eckert (From April 2012)	2014
Marida Tindell	2014
Stacy Wilson-Smith	2014
William Gatier	2012
Lewis Tomlin	2012

OTHER OFFICIALS

John Saporito, Superintendent

Lisa M. DiNovi, Board Secretary

Frank DiDomenico, Solicitor

TOWNSHIP OF COMMERCIAL BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ARCHITECT

Manders & Merighi Associates
1138 East Chestnut Avenue
Vineland, New Jersey 08360

AUDIT FIRM

Raymond Colavita, CPA, RMA, PSA
Nightlinger, Colavita and Volpa, PA
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Frank DiDomenico
8 Lasalle Drive, PO Box 1356
Vineland, NJ 08362

OFFICIAL DEPOSITORY

Susquehanna Bank
114 N. Main Street
Mullica Hill, NJ 08062

INSURANCE AGENCY

The Hardenbergh Insurance Agency, Inc.
1000 Plaza at Main Street
Voorhees, NJ 08043

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 29, 2012

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Commercial School District
County of Cumberland, New Jersey 08349

Dear Members of the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Commercial School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Commercial Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Commercial Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 29, 2012 on our consideration of the Township of Commercial Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 11 through 20 and 57 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Commercial Board of Education's, financial statements as a whole. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the financial statements. The schedule of expenditures of federal and state awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
COMMERCIAL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

UNAUDITED

The discussion and analysis of Commercial Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ❖ General revenues accounted for \$12,873,556 in revenue or 84.9% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,295,816 or 15.1% to total revenues of \$15,169,372.
- ❖ Total net assets of governmental activities totaled \$5,017,672.
- ❖ Net Capital Assets of governmental activities comprised \$4,963,198.
- ❖ The School District had \$14,836,252 in program expenses. These expenses were offset by program specific charges for services, grants or contributions of \$2,295,816 mentioned above in arriving at the net governmental activity expenses of the district. General revenues comprising federal and state aid of \$11,051,930, property taxes of \$1,792,803 and other miscellaneous revenues and adjustments of \$28,823 were adequate to provide for the programs maintained by the school.
- ❖ The General Fund had \$12,950,969 in revenues, \$12,812,357 in expenditures and other financing use reductions of \$107,187. The General Fund's balance increased \$31,425 over 2011. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Commercial Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Commercial Township school district, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. There are two school buildings maintained by the district, which are the Port Norris middle school and the Haleyville elementary school.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 23. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Governmental Funds (Continued)

The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same. The Food Service fund is the only enterprise fund maintained by the district.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole, which includes the Business-type Activities.

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2011 and 2012.

Table 1
Net Assets

	2012	2011
Assets		
Current and Other Assets	\$ 1,761,093	\$ 1,482,951
Capital Assets, Net	7,306,013	7,405,246
Total Assets	9,067,106	8,888,197
Liabilities		
Long-term Liabilities	3,764,992	3,702,739
Other Liabilities	218,784	435,248
Total Liabilities	3,983,776	4,137,987
Net Assets		
Invested in Capital Assets, Net of Debt	4,982,960	4,803,720
Restricted	1,021,338	1,466,286
Unrestricted	(920,968)	(1,519,796)
Total Net Assets	\$ 5,083,330	\$ 4,750,210

Table 2 shows the changes in net assets from fiscal year's 2012 and 2011.

Table 2
Changes in Net Assets

	2012	2011
Revenues		
Programs Revenues		
Charges for Services	\$ 76,088	\$ 101,460
Operating Grants and Contributions	2,219,728	2,504,538
General Revenues		
Property Taxes	1,792,803	1,791,040
Grants and Entitlements	11,051,930	10,173,152
Other	28,823	56,807
Total Revenues	15,169,372	14,626,997
Program Expenses		
Instruction	4,328,036	4,411,254
Support Services		
Tuition	3,448,826	3,061,878
Pupils and Instructional Staff	942,783	963,836
General Administration, School		
Administration, Business	870,461	848,971
Operations and Maintenance of Facilities	835,641	899,009
Pupil Transportation	802,161	808,002
Employee Benefits	2,513,003	2,404,763
Summer School		10,732
Interest on Debt	78,086	85,405
Enterprise Funds	469,705	526,420
Other	547,550	519,418
Total Expenses	14,836,252	14,539,688
Increase in Net Assets	\$ 333,120	\$ 87,309

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the District's \$15,169,372 in total revenues for the fiscal year ended June 30, 2012, property taxes made up 11.8% of the revenues raised for governmental activities. Federal, state and local grants accounted for another 87.5% and other revenues, net of adjustments made up .7%. The total cost of all program and services was \$14,836,252, of which the net amount spent on governmental activities was \$12,496,908. Of this amount, Instruction comprised 29.4%.

Business-Type Activities

Revenues for the District's business-type activities (food service program and extended day program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$38,388 and Extended Day expenses exceeded revenues by \$5,140.
- ❖ To offset the food services deficit, the General Fund subsidized the food service operation by \$4,349 and the fund ended the year with a net negative change of \$34,039. The district will continue to identify a means to bring the food service cost to the district under control.
- ❖ Charges for services in the food service fund represent \$57,650 of revenue. This represents amount paid by patrons for daily food services or 14% of the revenue in the food service fund. Service charges for the Extended Day program were \$18,438.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$350,089, which represents 86% of the revenue.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Instruction	\$ 4,328,036	\$ 3,673,843	\$ 4,411,254	\$ 3,403,164
Support Services				
Tuition	3,448,826	3,448,826	3,061,878	3,061,878
Pupils and Instructional Staff	942,783	563,592	963,836	560,571
General Administration, School				
Administration, Business	870,461	870,461	848,971	848,971
Operation and Maintenance of Facilities	835,641	835,641	899,009	899,009
Pupil Transportation	802,161	802,161	808,002	808,002
Employee Benefits	2,513,003	1,676,748	2,404,763	1,641,768
Summer School		-	10,732	10,732
Interest and Fiscal Charges	87,602	87,602	85,405	85,405
Other	538,034	538,034	519,418	519,418
Total Expenses	<u>\$ 14,366,547</u>	<u>\$ 12,496,908</u>	<u>\$ 14,013,268</u>	<u>\$ 11,838,918</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$14,742,679 and expenditures of \$14,700,077. The net positive change in fund balance for the year was \$38,253, which included the transfer to the food service fund of \$4,349 and transfers to capital outlay and capital reserve totaling \$103,319. The School District is able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects and permanent fund expenditures) for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,820,629	12.6%	\$ (26,094)	-1.5%
State Sources	11,437,156	79.2%	308,946	3.4%
Federal Sources	1,179,675	8.2%	(39,617)	-1.4%
Total	<u>\$ 14,437,460</u>	<u>100.0%</u>	<u>\$ 243,235</u>	<u>1.7%</u>

The decrease in Local Sources is attributed to decreases interest earnings of \$4,906 and miscellaneous revenue of \$22,951, offset by an increase in the local tax levy of \$1,763.

The increase in State Sources is attributed to higher general fund state aid of \$314,228 and debt service aid of \$23,845, offset by reduced state grants for special projects of \$29,127.

The decrease in Federal Sources is attributed to decreases in various grant awards of \$39,617.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2012.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 4,328,036	30.3%	\$ (83,218)	-1.9%
Undistributed Expenditures	9,570,220	66.9%	376,566	4.2%
Capital Outlay	41,967	0.3%	(157,524)	-106.2%
Summer School		0.0%	(10,732)	-20.3%
Debt Service:				
Principal	278,473	1.9%	6,937	3.0%
Interest	81,101	0.6%	(9,225)	-6.4%
Total	<u>\$ 14,299,797</u>	<u>100.0%</u>	<u>\$ 122,804</u>	<u>0.9%</u>

The decrease in Current – Instruction is attributed to decreases in special education instruction of \$294,409, other special instruction of \$335,931, offset by decreases in regular instruction of \$543,677 and other instruction of \$3,445.

The increase in Current – Undistributed Expenditures is attributed to increases in District Tuition of \$386,948, School Administrative Services of \$22,480 and Employee Benefits of \$57,400, offset by reductions in Student and Instruction Related Services of \$21,053, Plant Operations and Maintenance of \$63,368 and Pupil Transportation of \$5,841.

The decrease in capital outlay is attributed to decreases in equipment purchases and construction services of \$157,524.

The decrease in debt service is attributed to decreased outstanding debt obligations of \$2,288.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

General Fund Budgeting Highlights (Continued)

During the course of the fiscal year 2012, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

Some of the normal budgetary situations requiring attention during the year are:

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an actual increase in fund balance of \$68,092.

- ❖ Actual revenues were \$6,233 more than expected (excluding On-Behalf pension and social security state aid of \$741,773), due primarily to interest and miscellaneous revenue.
- ❖ The actual expenditures were \$15,998 more than expected, which included the effects of state On-Behalf pension and social security aid of \$741,773, offset by favorable variances in various budget appropriations of \$725,775.

Capital Assets

At the end of the fiscal year 2012, the School District had \$7,306,013 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2011 balances compared to 2012.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2012</u>	<u>2011</u>
Land	\$ 14,877	\$ 14,877
Construction in Progress		
Land Improvements	598,360	673,664
Building and Improvements	6,211,740	6,188,110
Equipment	481,036	528,595
	<u> </u>	<u> </u>
Totals	<u>\$ 7,306,013</u>	<u>\$ 7,405,246</u>

Overall capital assets decreased \$99,233 from fiscal year 2011 to fiscal year 2012. Increases in capital assets of \$440,871 were offset by depreciation expense of \$540,104.

Debt Administration

At June 30, 2012, the School District had \$3,250,415 as outstanding debt. Of this amount, \$927,107 is for compensated absences, \$173,308 for NJEDA Loans, and the balance of \$2,150,000 is for refunding bonds dated 11/17/09.

At June 30, 2012, the School District's overall legal debt margin was \$7,969,316 and the unvoted debt margin was \$5,646,008, or 71% of the total amount permitted by statute. The detail of the open debt issues is as follows:

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Outstanding at June 30, 2012</u>
Construction of additions and renovations to schools	8/18/93	\$ 692,500	\$ 72,891
Construction of additions and renovations to schools	8/18/93	692,500	100,417
Construction of additions and renovations to schools	11/17/2009	2,370,000	2,150,000

For the Future

The financial outlook for the district is fair. A major concern is the continued increases in mandated expenditures, the reduction in federal aid and the level of surplus needed to fund the budget, putting increased reliance on local property taxes or other aid. Future finances are not without challenges as expenditures continue to grow and state funding is not keeping pace or decreasing.

The Commercial Township School District has experienced difficulty in getting the school budget massed by the votes in recent years. The contributing factors are continued flat funding from the state with continued rising costs to run our schools.

Commercial Township is primarily a residential community, with very few ratable and the burden is, therefore, focused on homeowners to absorb the cost through higher taxes.

During the budget process, it was a concern to the Administration and Board of Education how future budgets would be financed. Therefore, the Board of Education and Administration are constantly looking at ways to decrease the spending while continuing to provide the best possible education for our students.

In conclusion, the Commercial Township School District has committed itself to responsible fiscal management and plans to continue to meet the challenges of the future. In addition, the School District's system for financial planning, budgeting, and internal financial controls are maintained in accordance with state statutes.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Lisa M. DiNovi School Business Administrator/Board Secretary at Commercial Township Board of Education, Port Norris, N.J. or email at ldinovi@myronlpowell.org.

REQUIRED SUPPLEMENTARY INFORMATION – PART I

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 343,663	\$ 33,008	\$ 376,671
Receivables, Net	1,163,069	16,798	1,179,867
Interfund Receivable	12,167		12,167
Inventory		19,102	19,102
Restricted Assets:			
Cash and Cash Equivalents	38,423		38,423
Capital Reserve Account - Cash	50,856		50,856
Unamortized Bond Issue Costs	84,007		84,007
Capital Assets, Net (Note 5):	7,286,251	19,762	7,306,013
	<u>8,978,436</u>	<u>88,670</u>	<u>9,067,106</u>
Total Assets			
LIABILITIES			
Accounts Payable	68,106	1,830	69,936
Accrued Interest	32,615		32,615
Deferred Revenue	109,628	6,605	116,233
Non-current Liabilities (Note 6):			
Due within one year	783,391		783,391
Due beyond one year	2,967,024	14,577	2,981,601
	<u>3,960,764</u>	<u>23,012</u>	<u>3,983,776</u>
Total Liabilities			
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,963,198	19,762	4,982,960
Restricted for:			
Debt Service	38,423		38,423
Capital Projects	72,899		72,899
Other Purposes	910,016		910,016
Unrestricted	(966,864)	45,896	(920,968)
Total Net Assets	<u>\$ 5,017,672</u>	<u>\$ 65,658</u>	<u>\$ 5,083,330</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,909,913	\$ -	\$ 654,193	\$ (3,255,720)	\$ -	\$ (3,255,720)
Special Education	400,945			(400,945)		(400,945)
Other Special Instruction	7,447			(7,447)		(7,447)
Other Instruction	9,731			(9,731)		(9,731)
Support Services:						
Tuition	3,448,826			(3,448,826)		(3,448,826)
Student & Instruction Related Services	942,783		379,191	(563,592)		(563,592)
General and Business Administrative Service	225,672			(225,672)		(225,672)
School Administrative Services	365,004			(365,004)		(365,004)
Central Services	248,170			(248,170)		(248,170)
Admin Info Tech	31,615			(31,615)		(31,615)
Plant Operations and Maintenance	835,641			(835,641)		(835,641)
Pupil Transportation	802,161			(802,161)		(802,161)
Employee Benefits	2,513,003		836,255	(1,676,748)		(1,676,748)
Amortization of Debt Issue Costs	9,516			(9,516)		(9,516)
Interest on Long-term Debt	78,086			(78,086)		(78,086)
Unallocated Depreciation	538,034			(538,034)		(538,034)
Total Governmental Activities	14,366,547		1,869,639	(12,496,908)		(12,496,908)
Business-type Activities:						
Food Service	446,127	57,650	350,089		(38,388)	(38,388)
Extended Day	23,578	18,438			(5,140)	(5,140)
Total business-type Activities	469,705	76,088	350,089		(43,528)	(43,528)
Total Primary Government	\$14,836,252	\$ 76,088	\$ 2,219,728	\$ (12,496,908)	\$ (43,528)	\$ (12,540,436)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,648,998	\$ -	\$ 1,648,998
Taxes Levied for Debt Service				143,805		143,805
Federal, State and Local Aid not Restricted				11,051,930		11,051,930
Investment Earnings				7,557	516	8,073
Miscellaneous Income				20,750		20,750
Transfers - Food service				(4,349)	4,349	
Total General Revenues, Special Items, Extraordinary Items and Transfers				12,868,691	4,865	12,873,556
Change in Net Assets				371,783	(38,663)	333,120
Net Assets—Beginning				4,645,889	104,321	4,750,210
Net Assets—Ending				\$ 5,017,672	\$ 65,658	\$ 5,083,330

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

COMMERCIAL TOWNSHIP BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 343,663	\$ -	\$ -	\$ 38,423	\$ 382,086
Capital and Maintenance Reserve Account	50,856				50,856
Due from Other Funds	622,960				622,960
State Aid Receivable	64,745		304,738		369,483
Federal Aid Receivable	277,309	509,702			787,011
Other Accounts Receivable	6,575				6,575
Total Assets	\$1,366,108	\$ 509,702	\$ 304,738	\$ 38,423	\$ 2,218,971
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 9,831	\$ 34,656	\$ 21,296	\$ -	\$ 65,783
Loan Payable	500,000				500,000
Due to Other Funds	4,349	395,901	210,543		610,793
Due to Grantor		2,323			2,323
Deferred Revenue		109,628			109,628
Total Liabilities	514,180	542,508	231,839		1,288,527
Fund Balances:					
Restricted For:					
Excess Surplus	88,309				88,309
Capital Reserve	255				255
Maintenance Reserve	122,500				122,500
Emergency Reserve	41,300				41,300
Designated for Subsequent Year's Expenditures:					
Excess surplus	641,437				641,437
Committed to Year-End Encumbrances	609,177		3,991		613,168
Assigned:					
Designated for Subsequent Year's Expenditures:	16,470			2	16,472
Unassigned, Reported in:					
General Fund	(667,520)				(667,520)
Special Revenue Fund		(32,806)			(32,806)
Capital Projects Fund			68,908		68,908
Debt Service Fund				38,421	38,421
Total Fund Balances	851,928	(32,806)	72,899	38,423	930,444
Total Liabilities and Fund Balances	\$1,366,108	\$ 509,702	\$ 304,738	\$ 38,423	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

The Cost associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. The total bond issue costs are \$180,000 and the accumulated amortization at June 30, 2012 is \$95,993

84,007

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,936,780 and the accumulated depreciation is \$6,650,529 (See Note 5)

7,286,251

Long-term liabilities, representing accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(32,615)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).

(3,250,415)

Net assets of governmental activities

\$ 5,017,672

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,648,998	\$ -	\$ -	\$ 143,805	\$ 1,792,803
Interest Earned on Investments	6,645		481		7,126
Interest Earned on Capital Reserve Funds	431				431
Miscellaneous	16,651	4,099			20,750
Total - Local Sources	1,672,725	4,099	481	143,805	1,821,110
State sources	10,895,483	330,343	304,738	211,330	11,741,894
Federal sources	382,761	796,914			1,179,675
Total revenues	12,950,969	1,131,356	305,219	355,135	14,742,679
EXPENDITURES					
Current:					
Regular Instruction	3,255,720	654,193			3,909,913
Special Education Instruction	400,945				400,945
Other Special Instruction	7,447				7,447
Other Instruction	9,731				9,731
Support Services:					
Tuition	3,448,826				3,448,826
Student & Instruction Related Services	563,592	379,191			942,783
General Administrative Services	225,672				225,672
School Administrative Services	365,004				365,004
Central Services	246,794				246,794
Admin Info Tech	31,615				31,615
Plant Operations and Maintenance	835,641				835,641
Pupil Transportation	802,161				802,161
Employee Benefits	2,577,242	94,482			2,671,724
Debt Service:					
Interest and Other Charges				81,101	81,101
Principal				278,473	278,473
Capital Outlay	41,967		400,280		442,247
Total Expenditures	12,812,357	1,127,866	400,280	359,574	14,700,077
Excess (Deficiency) of Revenues over Expenditures	138,612	3,490	(95,061)	(4,439)	42,602
OTHER FINANCING SOURCES (USES)					
Operating Transfer - Capital Outlay - Local Share	(50,928)		50,928		
Operating Transfer - Capital Reserve - Local Share	(52,391)		52,391		
Transfers out - Food Service	(4,349)				(4,349)
Transfers of Capital project Interest	481		(481)		
Total Other Financing Sources and Uses	(107,187)		102,838		(4,349)
Net Change in Fund Balances	31,425	3,490	7,777	(4,439)	38,253
Fund Balance—July 1	820,503	(36,296)	65,122	42,862	892,191
Fund Balance—June 30	\$ 851,928	\$ (32,806)	\$ 72,899	\$ 38,423	\$ 930,444

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (from B-2) \$ 38,253

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (538,034)	
Capital outlays	440,871	
		(97,163)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 195,000

Reduction in NJEDA Loans Payable 83,473

Payment of a capital lease is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the statement of activities, interest on long-term debt is accrued regardless of when it is due. In the governmental funds, interest is reported when due. 3,015

Bond issued costs are expended in the governmental fund as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds:

Amortization of Bond Issue Costs in 2011-12	(9,516)
---	---------

In the statement of activities, certain operating expenses, e.g. compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). 158,721

Change in net assets of governmental activities (A-2)	\$ 371,783
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The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	Food Service	Extended Day	Totals
ASSETS			
Current Assets:			
Cash	\$ (16,821)	\$ 45,480	\$ 28,659
Accounts Receivable:	4,349		4,349
Interfund Receivable	16,382	416	16,798
Inventories	19,102		19,102
Total Current Assets	23,012	45,896	68,908
Fixed Assets:			
Equipment	167,407		167,407
Accumulated Depreciation	(147,645)		(147,645)
Total Fixed Assets	19,762		19,762
Total Assets	42,774	45,896	88,670
LIABILITIES:			
Current Liabilities:			
Accounts Payable	1,830		1,830
Deferred Revenue	6,605		6,605
Compensated Absences	14,577		14,577
Total Current Liabilities	23,012		23,012
NET ASSETS:			
Invested in Capital Assets Net of Related Debt	19,762		19,762
Unrestricted		45,896	45,896
Total Net Assets	\$ 19,762	\$ 45,896	\$ 65,658

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Fund		
	Food Service	Extended Day	Total Enterprise
Operating revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:	\$ 33,278	\$	\$ 33,278
Daily sales Non-reimbursable Programs	24,372	18,438	42,810
Total Operating Revenue:	57,650	18,438	76,088
Operating expenses:			
Salaries	146,054	22,855	168,909
Employee Benefits	64,371		64,371
Supplies and Materials	25,101	723	25,824
Depreciation	2,070		2,070
Cost of Sales	179,305		179,305
Management Fee	16,351		16,351
Repairs and Other Expenses	12,875		12,875
Total Operating Expenses	446,127	23,578	469,705
Operating Income (Loss)	(388,477)	(5,140)	(393,617)
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	4,839		4,839
Federal Sources:			
National School Breakfast Program	74,319		74,319
National School Lunch Program	222,347		222,347
National Snack Program	8,757		8,757
Food Distribution Program	17,721		17,721
Fruit and Vegetable Grant	22,106		22,106
Interest		516	516
Total Non-operating Revenues (Expenses)	350,089	516	350,605
Income (Loss) before Contributions & Transfers	(38,388)	(4,624)	(43,012)
Transfers in (out)	4,349		4,349
Change in Net Assets	(34,039)	(4,624)	(38,663)
Total Net Assets—Beginning	53,801	50,520	104,321
Total Net Assets—Ending	\$ 19,762	\$ 45,896	\$ 65,658

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities Enterprise Funds		
	Food Service	Extended Day	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 57,650	\$ 18,438	\$ 76,088
Payments to employees	(146,054)	(22,855)	(168,909)
Payments for employee benefits	(64,371)		(64,371)
Payments to suppliers	(229,782)	(723)	(230,505)
Net cash provided by (used for) operating activities	(382,557)	(5,140)	(387,697)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	4,839		4,839
Federal Sources	345,250		345,250
Operating subsidies and transfers to other funds			
Net cash provided by (used for) non-capital financing activities	350,089		350,089
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets			
Net cash provided by (used for) capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends		516	516
Net cash provided by (used for) investing activities		516	516
Net increase (decrease) in cash and cash equivalents	(32,468)	(4,624)	(37,092)
Balances—beginning of year	15,647	50,104	65,751
Balances—end of year	\$ (16,821)	\$ 45,480	\$ 28,659
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (388,477)	\$ (5,140)	\$ (393,617)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation and net amortization	2,070		2,070
(Increase) decrease in accounts receivable, net	8,560		8,560
(Increase) decrease in inventories	(9,195)		(9,195)
Increase (decrease) in accounts payable	312		312
Increase (decrease) in deferred revenue	4,726		4,726
Increase (decrease) in compensated absences	(553)		(553)
Total adjustments	5,920		5,920
Net cash provided by (used for) operating activities	\$ (382,557)	\$ (5,140)	\$ (387,697)

Noncash Noncapital Financing Activities:

During the year, the district received \$24,070 of food commodities from the U. S. Department of Agriculture

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 98,338	\$ 1,883	\$ 288,476
Certificates of Deposit		33,500	
Total Assets	<u>98,338</u>	<u>35,383</u>	<u>288,476</u>
LIABILITIES			
Interfunds Payable			16,516
Summer Reserve			246,019
Accounts Payable	3,035	500	
Payable to Student Groups			13,346
Payroll Deductions and Withholdings			12,595
Total Liabilities	<u>3,035</u>	<u>500</u>	<u>\$ 288,476</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	\$ <u>95,303</u>		
Reserved for Scholarships		<u>\$ 34,883</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 37,313	\$
Contributions		
Other	781	1,145
	<u>38,094</u>	<u>1,145</u>
Total Additions		
	<u>38,094</u>	<u>1,145</u>
DEDUCTIONS		
Scholarships Awarded		500
Unemployment Claims	3,943	
	<u>3,943</u>	<u>500</u>
Total Deductions		
	<u>3,943</u>	<u>500</u>
Change in Net Assets	34,151	645
Net Assets—Beginning of the Year	61,152	34,238
	<u>61,152</u>	<u>34,238</u>
Net Assets—End of the Year	\$ 95,303	\$ 34,883
	<u><u>95,303</u></u>	<u><u>34,883</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Commercial Township School District (District) is organized under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of thirty-four square miles. It is located in Cumberland County and provides education for all of Commercial Township's grades K through 8. The District currently operates two instructional buildings and an administrative building. The Commercial Township School District had an approximate enrollment at June 30, 2012 of 636 students.

A. Reporting Entity:

The Commercial Township School District is a Type II district as provided by statute of the State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Commercial Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments).

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements: The statement of net assets and the statement of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting. The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting:

The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GOVERNMENTAL FUND TYPE

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The district reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

GOVERNMENTAL FUND TYPE (CONT'D)

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUND TYPE

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise (Food Service) Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Funds are comprised of the Food Service Fund and Extended Day Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund Equipment

7 – 20 Years

Internal Service Fund - The Commercial Township School District does not maintain an Internal Service Fund whereby services would be provided on a cost-reimbursement basis.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

FIDUCIARY FUND TYPE

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the School District:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and a scholarship fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual, as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus (Cont'd):

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the second Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control (Cont'd):

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is shown on Exhibit C-2.

E. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable:

Tuition charges for the fiscal years 2011-12, 2010-11, 2009-10, and 2008-09 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

On district-wide financial statements and in the Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

I. Short -Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Assets, Liabilities and Equity:

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. This includes \$6,003 in federal commodities on hand at June 30, 2012. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$ 16,195
Supplies	2,907
	<hr/>
	\$ 19,102
	<hr/>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Assets, Liabilities and Equity (Cont'd):

Capital Assets – The District is establishing a formal system of accounting for its capital assets. Capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. Capital assets acquired or constructed prior to June 30, 2003 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	40-50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10

K. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the General Long-Term Debt.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

N. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

O. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

S. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

T. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

U. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

V. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

V. Revenues – Exchange and Non-exchange Transactions (Cont'd):

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value. New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires the disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes (N.J.S.A.18A:20-37) permits the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

As of June 30, 2012, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking accounts	\$ 850,298
Certificates of Deposit	<u>33,500</u>
Total	<u>\$ 883,798</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2012, the School Districts bank balance of \$1,244,905 was insured or collateralized as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		<u>994,905</u>
	\$	<u><u>1,244,905</u></u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to losses in fair value arising in interest rate fluctuations.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

Concentration of Credit Risk - The District does not place a limit on the amount that may be invested in any one issuer. At June 30, 2012, investments are limited to Certificates of Deposit as follows:

<u>Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Certificate of Deposit	\$ <u>33,500</u>	\$ <u>33,500</u>

The investments recorded in the basic financial statements have been recorded at the carrying amount of which the difference between the carrying amount and market value is not material.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2012, the District had no funds on deposit with the New Jersey Cash Management Fund.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Commercial Township Board of Education by inclusion of \$21,520 in the original 1998-99 annual capital outlay budget, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity in the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$50,812
Interest Earnings	
Deposits	
Withdrawals	<u>50,557</u>
Ending Balance, June 30, 2012	\$ <u>255</u>

Of this amount, \$0 has been appropriated as revenue to fund the 2012-13 operating budget.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 is \$477,528. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 14,877	\$ -	\$ -	\$ 14,877
Construction in progress				-
Total capital assets not being depreciated	14,877			14,877
Land Improvements	844,882			844,882
Building and building improvements	11,337,730	400,280		11,738,010
Machinery and equipment	1,298,420	40,591		1,339,011
Totals at historical cost	13,481,032	440,871		13,921,903
Less accumulated depreciation for :				
Land Improvements	(171,218)	(75,304)		(246,522)
Building and improvements	(5,149,620)	(376,650)		(5,526,270)
Equipment	(791,657)	(86,080)		(877,737)
Total accumulated depreciation	(6,112,495)	(538,034)		(6,650,529)
Total capital assets being depreciated, net of accumulated depreciation	7,368,537	(97,163)	-	7,271,374
Government activities capital assets, net	\$ 7,383,414	\$ (97,163)	\$ -	\$ 7,286,251
				To A-1
Business-type activities - Equipment	\$ 167,407			\$ 167,407
Less accumulated depreciation	(145,575)	(2,070)		(147,645)
Business-type activities capital assets, net	\$ 21,832	\$ (2,070)	\$ -	\$ 19,762

Depreciation expense was charged to governmental functions
as follows:

Unallocated	\$ 538,034
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COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2012 the following changes occurred in long-term obligations:
 was anticipated as revenue in the 2012-13 budget.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 2,345,000	\$ -	\$ 195,000	\$ 2,150,000	\$ 195,000	\$ 1,955,000
NJEDA loans	256,781		83,473	173,308	83,474	89,834
Total bonds payable	2,601,781		278,473	2,323,308	278,474	2,044,834
Other Liabilities:						
Compensated absences payable	1,085,828		158,721	927,107	4,917	922,190
Total other liabilities	\$ 3,687,609	\$ -	\$ 437,194	\$ 3,250,415	\$ 283,391	\$ 2,967,024
To A-1						
Business-Type Activities:						
Compensated absences payable	\$ 15,130	\$ -	\$ 553	\$ 14,577	\$ -	\$ 14,577

A. Bonds Payable - Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on bonds outstanding at June 30, 2012 are as follows:

Year ending June 30,	Principal	Interest	Total
2013	\$ 280,559	\$ 74,113	\$ 354,672
2014	282,749	67,011	349,760
2015	195,000	61,238	256,238
2016	200,000	55,044	255,044
2017	210,000	47,894	257,894
2018	225,000	40,244	265,244
2019	235,000	32,072	267,072
2020	230,000	24,662	254,662
2021	235,000	15,638	250,638
2022	230,000	5,175	235,175
	<u>\$ 2,323,308</u>	<u>\$ 423,091</u>	<u>\$ 2,746,399</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6. GENERAL LONG-TERM DEBT (CONT'D)

B. Bonds Authorized But Not Issued - As of June 30, 2012 None.

C. Capital Leases

The District had no capital leases as of June 30, 2012.

NOTE 7. OPERATING LEASES

The District has commitments to lease seven copiers under operating leases that expire in 2012, and 2013. The total amount of operating lease obligations initiated in the year ended June 30, 2012 was \$0. Future minimum lease payments are as follows:

	<u>Amount</u>
Year ending June 30,	
2013	\$ 11,584
Total future minimum lease payments	\$ <u>11,584</u>

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits (PO Box 295, Trenton, New Jersey, 08625).

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 58A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2012	\$ 37,693	\$ 75,387	\$ 113,080	\$ 7,205	\$ 120,285
2011	40,232	64,108	104,340	7,925	112,265
2010	28,963	37,214	66,177	9,177	75,354

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service, or under the disability provisions of the System. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8. PENSION PLANS (CONT'D)

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for a 12 month period ending with each August 31 immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

Significant Legislation - P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the SPRS and PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for the new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the States Defined Contribution Retirement Program.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8. PENSION PLANS (CONT'D)

Three-Year Trend Information for PERS

<u>Year Funding</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>			<u>Net Pension Obligation</u>
6/30/12	\$	120,285	100	%	\$	120,285
6/30/11		112,265	100			112,265
6/30/10		75,354	100			75,354

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>			<u>Net Pension Obligation</u>
6/30/12	\$	422,043	100	%	\$	0
6/30/11		295,712	100			0
6/30/10		287,855	100			0

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$140,201 to the TPAF for normal and \$281,842 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$319,730 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 9. POST- RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10. COMPENSATED ABSENCES

The School District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the school district and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, a liability existed for compensated absences in the governmental activities in the amount of \$927,107.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Travelers	Aflac	Lincoln Investment Planning, Inc.
Franklin	Midland National	American Express Financial

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district has chosen to purchase insurance to transfer risk to outside parties.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12. RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's trust fund for the current and prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 781	\$ 37,313	\$ 3,943	\$ 95,303
2010-2011	40,000	19,958	38,565	61,152
2009-2010	30,000	9,547	82,557	39,759

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

<u>Fiscal Year</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 622,960	\$ 4,349
Special Revenue fund		395,901
Capital Projects Fund		210,543
Food Service Fund	4,349	
Trust and Agency Fund		16,516
Total	\$ 627,309	\$ 627,309

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$851,928 General Fund balance at June 30, 2012, \$609,177 is reserved for encumbrances; \$255 has been reserved in the Capital Reserve Account, of which \$ has been withdrawn and appropriated and included as anticipated revenue for the year ended June 30, 2013; \$122,500 has been reserved in a Maintenance Account, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2013; \$41,300 has been reserved in an Emergency Reserve; \$729,746 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$641,437 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2013); \$16,470 in Assigned Fund Balance has been appropriated and also included as anticipated revenue for the year ending June 30, 2013; and there is a deficit in unreserved and undesignated fund balance of (\$667,520).

Debt Service Fund -The fund balance in the Debt Service Fund at June 30, 2012 is \$38,423, of which \$2 has been appropriated and also included as anticipated revenue for the year ending June 30, 2012 and \$38,421 is undesignated.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$729,746 of which \$88,309 must be budgeted in the 2013-14 budget.

NOTE 16. LITIGATION

The District is not involved in any lawsuit incidental to its operations. The administration and legal council are not aware of any matters pending or threatened, which are likely to have a material adverse effect on the financial position of the District.

NOTE 17. MAINTENANCE RESERVE

The district also has a maintenance reserve in the amount of \$122,500 at June 30, 2012, of which none was anticipated as revenue in the 2012-13 budget.

NOTE 18. EMERGENCY RESERVE

The district also has an emergency reserve in the amount of \$41,300 at June 30, 2012, of which none was anticipated as revenue in the 2012-13 budget.

NOTE 19. CAPITAL PROJECT

On June 5, 2001, the voters of the school district approved by referendum acquisitions, improvements and additions in the amount of \$4,450,000 of which \$3,395,000 represents bonds issued on August 1, 2001, \$5,000 was realized in bond premium, \$1,000,742 was funded by the Early Childhood Program Capital Reserve Fund in fiscal year 2000-2001 and the remaining \$49,258 was funded in the 2001-2002 budget out of Fund Balance. The future interest and principal payments on this bond issue have been included in Note 5 to the financial statements (Long-Term Debt) contained herein. On July 9, 2002, the Commissioner of the New Jersey State Department of Education approved a transfer out in the amount of \$405,000 from Unrestricted General Fund Surplus to the Capital Projects Fund in accordance with N.J.S.A. 18A:22-8.2 and N.J.A.C. 6A:26-4.4 to supplement the proceeds from the district's bond authorization of \$4,450,000 which was approved by the voters on June 5, 2001.

As of June 30, 2012, there was an unspent balance of \$59,392, which relates to a 2001 project for additions to the two elementary schools.

In addition, there were four projects approved by the NJSDA in the 2009-10 school-year, with unspent balances of \$5,730, as of June 30, 2012.

In addition, there were two projects approved by the NJSDA and started in the 2011-12 school-year, totaling \$435,530, with unspent balances of \$35,250 as of June 30, 2012.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit in Unrestricted fund balance of (\$667,520) in the General Fund and (\$32,806) in the Special Revenue Fund as of June 30, 2012 as reported in the fund statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the General and Special Revenue Fund balances do not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A. 18A:22-44.2*, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's general fund deficit is less than the last state aid payments of \$952,523. The special revenue fund deficit of \$32,806 is equal to the last state aid payments.

NOTE 21. RECEIVABLES

Receivables at June 30, 2012 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Receivables:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Proprietary Funds</u>
Intergovernmental	\$ 342,054	\$ 509,702	\$ 304,738	\$ 4,349
Other	6,575			
Totals	<u>\$ 348,629</u>	<u>\$ 509,702</u>	<u>\$ 304,738</u>	<u>\$ 4,349</u>

NOTE 22. SUBSEQUENT EVENTS - None

BUDGETARY COMPARISON SCHEDULES

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,648,995	\$	\$ 1,648,995	\$ 1,648,998	\$ 3
Interest on Investments				6,645	6,645
Interest Earned on Capital Reserve				431	431
Miscellaneous	52,500		52,500	16,651	(35,849)
Total - Local Sources	1,701,495		1,701,495	1,672,725	(28,770)
State Sources:					
Equalization Aid	9,326,011		9,326,011	9,326,011	
Categorical Special Education	450,198		450,198	450,198	
Categorical Security Aid	248,656	37,777	286,433	286,433	
Extraordinary Aid				28,780	28,780
Transportation		92,732	92,732	92,732	
Non-Public Transportation Aid				6,223	6,223
On-behalf TPAF Post Retirement Medical Contribution				281,842	281,842
On-behalf TPAF Non-Contributory Ins				140,201	140,201
Reimbursement TPAF Social Security				319,730	319,730
Total - State Sources	10,024,865	130,509	10,155,374	10,932,150	776,776
Federal Sources:					
Medicaid Assistance (SEMI)	22,304		22,304	22,304	
Education Jobs Fund	349,508	10,949	360,457	360,457	
	371,812	10,949	382,761	382,761	-
TOTAL REVENUES	\$ 12,098,172	\$ 141,458	\$ 12,239,630	\$ 12,987,636	\$ 748,006
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 37,630	\$ (13,669)	\$ 23,961	\$ 23,911	\$ 50
Kindergarten	219,535	(360)	219,175	219,174	1
Grades 1-5	924,447	813,756	1,738,203	1,738,202	1
Grades 6-8	601,971	308,030	910,001	897,779	12,222
Home instruction:					
Salaries of Teachers	4,500	(3,400)	1,100	1,053	47
Purchased Educational Services	4,500	900	5,400	5,348	52
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	122,332	(5,769)	116,563	116,511	52
Purchased Prof - Educational Services	50,000	(45,882)	4,118	4,062	56
Purchased Technical Services	90,000	44,782	134,782	134,772	10
Other Purchased Services	19,000	(19,000)			
General Supplies	48,500	42,478	90,978	88,135	2,843
Textbooks	20,000	(6,195)	13,805	12,558	1,247
Other Objects	6,000	10,672	16,672	14,215	2,457
Total Regular Programs	\$ 2,148,415	\$ 1,126,343	\$ 3,274,758	\$ 3,255,720	\$ 19,038

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
CURRENT EXPENSES: (Continued)					
Special Education					
Learning/Language Disabled:					
Instruction					
Salaries of Teachers	\$ 193,309	\$ (22,125)	\$ 171,184	\$ 171,172	\$ 12
Other Salaries for Instructions	162,874	(48,170)	114,704	114,704	
General Supplies	4,000	(2,650)	1,350	1,218	132
Total Learning/Language Disabled:	360,183	(72,945)	287,238	287,094	144
Resource Room:					
Salaries of Teachers	359,583	(245,730)	113,853	113,851	2
General Supplies	5,000	(5,000)			
Total Resource Room	364,583	(250,730)	113,853	113,851	2
Preschool Disabilities - Part Time:					
Salaries of Teachers					
Total Preschool Disabilities					
TOTAL SPECIAL EDUCATION	724,766	(323,675)	401,091	400,945	146
Basic Skills/Remedial:					
Salaries of Teachers	423,820	(423,820)			
General Supplies	5,000	2,450	7,450	7,447	3
Textbooks	10,000	(10,000)			
Total Basic Skills/Remedial:	438,820	(431,370)	7,450	7,447	3
School Sponsored Co-curricular Activities:					
Salaries	4,000	4,731	8,731	8,731	
Total School Sponsored Co-curricular Activities	4,000	4,731	8,731	8,731	
School Sponsored Athletics:					
Salaries	3,500	(2,500)	1,000	1,000	
Total School Sponsored Athletics	3,500	(2,500)	1,000	1,000	
Total Instruction	\$ 3,319,501	\$ 373,529	\$ 3,693,030	\$ 3,673,843	\$ 19,187

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENDITURES: (Continued)					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	\$ 2,853,919	\$ 46,201	\$ 2,900,120	\$ 2,333,620	\$ 566,500
Tuition - Other LEAs Within the State - Special	194,250	(20,950)	173,300	139,580	33,720
Tuition - County Voc Sch Dist Regular	9,945	5,900	15,845	15,300	545
Tuition - County Voc Sch Dist Special	43,680	(34,300)	9,380	9,180	200
Tuition - Co Spec Serv and Regional Day Schools	815,441	(102,900)	712,541	688,033	24,508
Tuition to Private Schools for the Disabled					
Within State	275,967	(69,291)	206,676.00	180,293	26,383
Tuition- Private Schls/Disab, other-Out-State	85,000	(2,109)	82,891	82,820	71
Total Undistributed Expenditures - Instruction	4,278,202	(177,449)	4,100,753	3,448,826	651,927
Attendance and Social Work Services:					
Salaries	7,611	(750)	6,861	6,675	186
Purch Prof/ Tech Services	2,000		2,000	2,000	
Total Attendance and Social Work Services:	9,611	(750)	8,861	8,675	186
Health Services:					
Salaries	124,746	3,900	128,646	128,631	15
Purch Prof/ Tech Services	3,136	(3,050)	86		86
Other Purchased Services	200	(200)			
Supplies and Materials	5,500	400	5,900	5,829	71
Other Objects	2,000	(2,000)			
Total Health Services	135,582	(950)	134,632	134,460	172
Other Support Services - Students - Related Services:					
Salaries	40,474	(5,450)	35,024	34,499	525
Purchased Prof - Education Services	45,000	103,150	148,150	148,118	32
Supplies and Materials	500	(500)			
Total Related Services	85,974	97,200	183,174	182,617	557
Special Education- Extraordinary Services					
Purchased Prof - Education Services		37,801	37,801	37,722	79
Total		37,801	37,801	37,722	79
Other Support Services - Students-Regular Guidance					
Salaries Other Professionals	132,736	(64,400)	68,336	68,067	269
Salaries of Secretarial and Clerical Assistants	42,873	(26,100)	16,773	16,324	449
Total	175,609	(90,500)	85,109	84,391	718
Other Support Services - Students-Special Services:					
Purchased Professional - Educational Services		226	226	217	9
Supplies and Materials	5,200	(5,127)	73		73
Other Purchased Professional and Technical Services		2,100	2,100	2,100	
Total	\$ 5,200	\$ (2,801)	\$ 2,399	\$ 2,317	\$ 82

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures:					
Improv. Instruction Services/Other Support					
Salary of Supervisor of Instruction	\$ 44,208	\$ 11	\$ 44,219	\$ 44,208	\$ 11
Other Salaries		390	390	390	
Total Improvement Instruction Services/Other Support:	44,208	401	44,609	44,598	11
Educational Media Services/School Library:					
Salaries	69,530	(16,057)	53,473	53,473	
Supplies and Materials	15,039	(3,600)	11,439	10,698	741
Total Educational Media Services/School Library:	84,569	(19,657)	64,912	64,171	741
Instructional Staff Training Services					
Purchased Professional and Educational Services	1,500	2,586	4,086	3,526	560
Other Purchased Services	3,000	(1,871)	1,129	1,065	64
Other Objects	1,000	(400)	600	50	550
Total Inst. Staff Training Services	5,500	315	5,815	4,641	1,174
Support Services General Administration:					
Salaries	134,198	(77,750)	56,448	56,404	44
Legal Services	5,000	880	5,880	5,871	9
Audit Fees	21,115	105	21,220	21,220	
Architectural/Engineering Services	10,000	11,865	21,865	18,775	3,090
Other Purchased Professional Services	32,000	57,330	89,330	89,285	45
Communication/Telephone	20,000	(8,600)	11,400	11,389	11
BOE Other Purchased Services	2,000	(1,950)	50		50
Other Purchased Services	18,000	(14,950)	3,050	2,928	122
BOE In-House Training/Meeting Supplies	1,000	(480)	520	513	7
Miscellaneous Expenditures	20,500	(7,909)	12,591	12,391	200
BOE Membership Dues and Fees	9,500	(2,550)	6,950	6,896	54
Total Support Services General Administration	273,313	(44,009)	229,304	225,672	3,632
Support Services School Administration:					
Salaries of Principals/Assistant Principals	176,834	11,100	187,934	187,883	51
Salaries of Secretarial and Clerical Assistants	144,612	950	145,562	145,548	14
Other Salaries		7,070	7,070	7,031	39
Purchased Professional and Technical Services	10,000	(2,000)	8,000	7,772	228
Other Purchased Services	1,500	(550)	950	794	156
Supplies and Materials	11,700	2,200	13,900	12,616	1,284
Other Objects	9,000	(5,400)	3,600	3,360	240
Total Support Services School Administration	353,646	13,370	367,016	365,004	2,012
Central Services					
Salaries	199,433	(4,945)	194,488	194,477	11
Purchased Professional Services	7,000	37,100	44,100	43,678	422
Purchased Technical Services	16,000	(8,600)	7,400	6,719	681
Miscellaneous Purchased Services	2,000	(1,700)	300	300	
Supplies and Materials	1,500	100	1,600	1,548	52
Other Objects	2,000	(1,900)	100	72	28
Total Central Services	227,933	20,055	247,988	246,794	1,194
Admin. Info. Technology					
Purchased Technical Services	7,500	24,400	31,900	31,615	285
Total Admin. Info. Technology	\$ 7,500	\$ 24,400	\$ 31,900	\$ 31,615	\$ 285

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve	\$	\$	\$	\$	\$
Salaries	50,928	61,290	112,218	101,255	10,963
Cleaning, Repair and Maintenance Services	146,624	(4,119)	142,505	132,389	10,116
General Supplies	50,000	(7,147)	42,853	40,942	1,911
Required Maintenance for School Facilities:	247,552	50,024	297,576	274,586	22,990
Custodial Services :					
Salaries	306,501	(304,601)	1,900	1,860	40
Purchased Professional and Maintenance Services		295,699	295,699	291,522	4,177
Other Purchased Property Services	17,000	(4,895)	12,105	11,698	407
Insurance	27,500	6,370	33,870	33,696	174
Miscellaneous Purchased Services	10,000	(4,705)	5,295	5,267	28
General Supplies	13,000	(5,250)	7,750	3,483	4,267
Energy (Natural Gas)	30,000	(13,029)	16,971	16,887	84
Energy (Electricity)	201,000	(3,000)	198,000	196,642	1,358
Total Custodial Services	605,001	(33,411)	571,590	561,055	10,535
Total Operation and Maintenance of Plant Services	852,553	16,613	869,166	835,641	33,525
Undistributed Expenditures - Student Transportation Services:					
Salaries - Between Home & School - Regular	13,278		13,278	13,278	
Management Fee - ESC & CTSA Transportation Programs	15,200	5,000	20,200	19,755	445
Contracted Services (Home/School) - Vendor	505,000	(5,000)	500,000	495,602	4,398
Contracted Services (not Home/School) - Vendors	5,000	900	5,900	5,850	50
Contracted Services (Regular Students) - ECS	29,000	(29,000)			
Contracted Services (Special Ed. Students) - ECS	241,000	(17,000)	224,000	223,997	3
Contracted Services - Aid in Lieu of Payments - Nonpublic	20,000	26,213	46,213	43,679	2,534
Total Student Transportation Services	828,478	(18,887)	809,591	802,161	7,430
Unallocated Benefits:					
Social Security Contributions	140,000	(46,225)	93,775	93,755	20
Other Retirement Contributions - PERS		120,285	120,285	120,285	
Other Retirement Contributions - Regular	133,285	(133,285)			
Unemployment Compensation	100,000	65,700	165,700	165,647	53
Workers Compensation	77,000	(14,020)	62,980	62,887	93
Health Benefits	1,192,140	10,152	1,202,292	1,199,656	2,636
Tuition Reimbursement	30,000	(8,000)	22,000	21,968	32
Other Employee Benefits	189,500	(18,200)	171,300	171,271	29
Total Unallocated Benefits	1,861,925	(23,593)	1,838,332	1,835,469	2,863
On-behalf TPAF Pension Contributions				140,201	(140,201)
On-behalf TPAF Post Retirement Medical Contribution				281,842	(281,842)
Reimbursement TPAF Social Security				319,730	(319,730)
Total Personal Services - Employee Benefits	1,861,925	(23,593)	1,838,332	2,577,242	(738,910)
Total Undistributed Expenditures	9,229,803	(168,441)	9,061,362	9,096,547	(35,185)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 12,549,304	\$ 205,088	\$ 12,754,392	\$ 12,770,390	\$ (15,998)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CAPITAL OUTLAY:					
Equipment					
Undistributed Expenditures:					
Non-Instructional Services	\$	\$ 40,591	\$ 40,591	\$ 40,591	
Total Equipment		40,591	40,591	40,591	
Facilities Acquisition and Construction Services:					
Other Objects	1,376		1,376	1,376	
Total Facilities Acquisition and Construction Services	1,376		1,376	1,376	
TOTAL CAPITAL OUTLAY	1,376	40,591	41,967	41,967	
TOTAL EXPENDITURES	\$ 12,550,680	\$ 245,679	\$ 12,796,359	\$ 12,812,357	\$ (15,998)
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	\$ (452,508)	\$ (104,221)	\$ (556,729)	\$ 175,279	\$ 732,008
Other financing sources (uses):					
Operating Transfer out - Food Service Deficit		(4,349)	(4,349)	(4,349)	
Operating Transfer - Capital Outlay - Local Share	(50,000)	(928)	(50,928)	(50,928)	
Operating Transfer - Capital Reserve - Local Share	(50,557)	(1,834)	(52,391)	(52,391)	
Operating Transfer - Interest on Capital Projects				481	481
Total other financing sources	(100,557)	(7,111)	(107,668)	(107,187)	481
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(553,065)	(111,332)	(664,397)	68,092	732,489
Fund Balances, July 1	1,736,359		1,736,359	1,736,359	
Fund Balances, June 30	\$ 1,183,294	\$ (111,332)	\$ 1,071,962	\$ 1,804,451	\$ 732,489
<u>RECAPITULATION :</u>					
<u>Reserved:</u>					
Restricted Fund Balance:					
Excess Surplus				\$ 88,309	
Excess Surplus - Designated for Subsequent Year's Expenditures				641,437	
Capital Reserve				255	
Maintenance Reserve				122,500	
Emergency Reserve				41,300	
Committed Fund Balance:					
Year-End Encumbrances				609,177	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				16,470	
Unassigned Fund Balance				285,003	
				<u>1,804,451</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(952,523)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 851,928</u>	

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
EDUCATION JOBS FUND PROGRAM
#REF!

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<u>Fund 18</u>					
Regular Programs-Instruction					
Other Salaries for Instruction	\$ 58,106	\$ 14,681	\$ 72,787	\$ 72,787	\$
Total Regular Programs - Instruction	58,106	14,681	72,787	72,787	
Special Education - Instruction					
Learning and/or Language Disabilities					
Salaries for Teachers	129,385	(14,681)	114,704	114,704	
Total Special Education - Instruction	129,385	(14,681)	114,704	114,704	
Undistributed					
Salaries for Teachers	47,928	10,949	58,877	58,877	
Health Benefits	114,089		114,089	114,089	
Total Undistributed	162,017	10,949	172,966	172,966	
Total Education Jobs Fund - Fund 18	\$ 349,508	\$ 10,949	\$ 360,457	\$ 360,457	\$

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 676,015	\$ 293,783	\$ 969,798	\$ 885,557	\$ 84,241
State Sources	328,060		328,060	328,060	
Local Sources		4,099	4,099	4,099	
Total Revenues	1,004,075	297,882	1,301,957	1,217,716	84,241
EXPENDITURES:					
Instruction					
Salaries of Teachers	465,050	(100,233)	364,817	357,063	7,754
Other Salaries for Instruction	76,160	12,960	89,120	87,052	2,068
Purchased Professional - Technical Services	78,646	(62,968)	15,678	15,678	
Other Purchased Services		2,286	2,286	2,286	
Tuition	65,000	8,793	73,793	73,793	
Supplies and Materials		221,561	221,561	204,533	17,028
General Supplies	6,000	176	6,176	6,176	
Other Objects		400	400		400
Total Instruction	690,856	82,975	773,831	746,581	27,250
Support Services					
Other Salaries		110,069	110,069	86,103	23,966
Employee Benefits	112,971	(11,488)	101,483	94,482	7,001
Purchased Professional & Technical Services - Other	12,170	(11,885)	285	285	
Purchased Professional Ed Services	187,078	78,614	265,692	242,159	23,533
Contracted Transp. Serv	1,000	21,735	22,735	20,244	2,491
Supplies and Materials		26,762	26,762	26,762	
Other Objects		1,100	1,100	1,100	
Total Support Services	313,219	214,907	528,126	471,135	56,991
Facilities Acquisition and Construction Services:					
Construction Services					
Total Facilities Acquisition and Construction Services					
Total Expenditures	1,004,075	297,882	1,301,957	1,217,716	84,241
Other Financing Sources (Uses)					
Total Outflows	1,004,075	297,882	1,301,957	1,217,716	84,241
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1] \$ 12,987,636	[C-2]	\$ 1,217,716
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that			
encumbrances are recognized as expenditures, and the related			
revenue is recognized.	2011-12		(107,704)
	2010-11		17,854
State aid payment recognized for GAAP statements in current year,			
previously recognized for budgetary purposes.	915,856		36,296
State aid payment recognized for budgetary purposes,			
not recognized for GAAP statements until the subsequent year.	(952,523)		(32,806)
Total revenues as reported on the statement of revenues, expenditures			
and changes in fund balances - governmental funds.	[B-2] \$ 12,950,969	[B-2]	\$ 1,131,356
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the			
budgetary comparison schedule	[C-1] \$ 12,812,357	[C-2]	\$ 1,217,716
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but			
not received are reported in the year the order is placed for			
<i>budgetary</i> purposes, but in the year the supplies are received			
for <i>financial reporting</i> purposes.			(89,850)
Transfers to and from other funds are presented as outflows of			
budgetary resources but are not expenditures			
for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the statement of revenues,			
expenditures, and changes in fund balances - governmental funds	[B-2] \$ 12,812,357	[B-2]	\$ 1,127,866

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

EXHIBIT E-1
(1)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	NCLB			Title II Part A	Title VI	I.D.E.A. - Part B		Sub-Total Per E-1 (2)	Totals	
	Title I Part A	C/O 2010-11	Basic 2011-12			Pre- School 2011-12	2012		2011	
	2011-12									
	2010-11									
REVENUES:										
Federal Sources	\$ 387,307	\$ 25,114	\$ 46,027	\$ 62,746	\$ 14,605	\$ 239,595	\$ 6,732	\$ 103,431	\$ 885,557	\$ 1,202,923
State Sources								328,060	328,060	362,960
Other								4,099	4,099	
Total Revenues	387,307	25,114	46,027	62,746	14,605	239,595	6,732	435,590	1,217,716	1,565,883
EXPENDITURES:										
Instruction:										
Salaries of Teachers	64,973			52,288	12,171			227,631	357,063	732,863
Salaries - Other Instructional								87,052	87,052	76,047
Purchased Prof./Tech.Services		15,678							15,678	25,476
Purchased Prof/Ed.Services										3,990
Other Purchased Services								2,286	2,286	
Tuition						73,793			73,793	76,049
Supplies and Materials	153,552		46,027					4,954	204,533	43,834
General Supplies								6,176	6,176	42,839
Total Instruction	218,525	15,678	46,027	52,288	12,171	73,793		328,099	746,581	1,001,098
Support Services:										
Other Salaries	64,669							21,434	86,103	33,403
Personal Services-Employee Benefits	22,298			10,458	2,434			59,292	94,482	165,571
Purchased Prof/Tech Services								285	285	46,218
Pur Prof/Ed LEA PD										3,894
Pur Prof/ED SINI Services										37,805
Purch. Prof.Ed.Services	55,160	9,436				165,802	6,732	5,029	242,159	225,979
Other Purchased Services										25,294
Con Tran. Services								20,244	20,244	835
Supplies and Materials	25,555							1,207	26,762	25,786
Other Expenses	1,100								1,100	
Total Support Services	168,782	9,436		10,458	2,434	165,802	6,732	107,491	471,135	564,785
Facilities Acquisition/Construction:										
Construction Services										
Instructional Equipment										
Total Facilities Acquisition/Construction										
Total Expenditures	\$ 387,307	\$ 25,114	\$ 46,027	\$ 62,746	\$ 14,605	\$ 239,595	\$ 6,732	\$ 435,590	\$1,217,716	\$ 1,565,883

EXHIBIT E-1
(2)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	21ST CENTURY							
	2011-12			PN	Talent 21	Safety	Preschool	Totals
	PN	HMS	HMS	10-11	2011-12	Grant	Education	2012
							2011-12	
REVENUES:								
Federal Sources	\$ 43,837	\$ 3,513	\$ 35,680	\$ 2,286	\$ 18,115			\$ 103,431
State Sources							\$ 328,060	328,060
Other						\$ 4,099		4,099
Total Revenues	43,837	3,513	35,680	2,286	18,115	4,099	328,060	435,590
EXPENDITURES:								
Instruction:								
Salaries of Teachers	14,326	3,263	11,063		16,447		182,532	227,631
Salaries - Other Instructional			10,892				76,160	87,052
Purchased Prof/Tech Serv								
Purchased Prof/Ed.Services								
Other Purchased Services				2,286				2,286
Tuition								
Supplies & Materials			855			4,099		4,954
General Supplies							6,176	6,176
Total Instruction	14,326	3,263	22,810	2,286	16,447	4,099	264,868	328,099
Support Services:								
Other Salaries	8,564		12,870					21,434
Personal Services-Employee Benefits	1,183	250			1,383		56,476	59,292
Purchased Prof/Tech Services					285			285
Purch. Prof.Ed.Services							5,029	5,029
Other Purchased Services								
Con Tran. Services	19,764						480	20,244
Supplies and Materials							1,207	1,207
Total Support Services	29,511	250	12,870		1,668		63,192	107,491
Facilities Acquisition/Construction:								
Instructional Equipment								
Total Facilities Acquisition/Construction								
Total Expenditures	\$ 43,837	\$ 3,513	\$ 35,680	\$ 2,286	\$ 18,115	\$ 4,099	\$ 328,060	\$ 435,590

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 182,532	\$ 182,532	\$
Other Salaries of Instruction	76,160	76,160	
General Supplies	6,176	6,176	
Total Instruction	264,868	264,868	
Support Services:			
Personal Services-Employee Benefits	56,476	56,476	
Purchased Professional - Educational Services	5,029	5,029	
Con. Tran. Services	480	480	
Supplies and Materials	1,207	1,207	
Total Support Services	63,192	63,192	
Facilities Acquisition/Construction:			
Instructional Equipments			
Total Expenditures	\$ 328,060	\$ 328,060	\$

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2011-12 Preschool Education Aid Allocation	\$ 328,060	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2011)		(2)
Add: Budgeted Transfer from the General Fund 2011-12		(3)
Total Preschool Education Aid Funds Available for 2011-12 Budget	328,060	(4)
Less: 2010-11 Budgeted Preschool Education Aid (including prior year budget carryover)	(328,060)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2012	-	(6)
Add: June 30, 2012 Unexpended Preschool Education Aid		(7)
2011-12 Carryover - Preschool Education Aid Programs	-	(8)
2011-12 Preschool Education Aid Carryover Budgeted for Preschool Programs 2012-13		(9)

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

[illegible]

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Revenues and Other Financing

Sources

State Sources - SDA Grant	\$ 332,211
Transfer from Capital Outlay	50,928
Transfer from Capital Reserve	52,391
Interest	481
	<hr/>
Total revenues	436,011
	<hr/>

Expenditures and Other Financing

Uses

Construction Services	400,280
Purchased Professional and Technical Services	
Equipment Purchases	
	<hr/>
Total expenditures	400,280
	<hr/>

Excess (deficiency) of revenues over (under) expenditures	35,731
Prior Year Purchase Order Adjustment	
Transfer Interest to General Fund	(481)
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	35,250
Fund Balance - Beginning	65,122
	<hr/>
Fund Balance - Ending	\$ 100,372
	<hr/> <hr/>

EXHIBIT F-2A

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
NEW FLOORING IN CLASSROOMS AND OFFICES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 42,440	\$	\$ 42,440	\$ 42,440
Transfer from Capital Outlay	12,547		12,547	12,547
Total Revenues	54,987		54,987	54,987
Expenditures and Other Financing Uses				
Construction Services	54,237		54,237	54,987
Total Expenditures	54,237		54,237	54,987
Excess (deficiency) of revenues over (under) expenditures	\$ 750	\$	\$ 750	-

Additional project information:

Project Number	950-025-09-1002
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$54,987
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$54,987
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 20, 2010
Revised Target Completion Date	August 20, 2010

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
REPLACEMENT OF EXISTING ASPHALT DRIVES AND PARKING AREAS,
SIDEWALKS, DOORS AND FIRE LANE
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 193,062	\$	\$ 193,062	\$ 193,062
Transfer from Capital Outlay	239,953		239,953	239,953
Total Revenues	433,015		433,015	433,015
Expenditures and Other Financing Uses				
Construction Services	433,015		433,015	433,015
Total Expenditures	433,015		433,015	433,015
Excess (deficiency) of revenues over (under) expenditures	\$	\$	\$ -	\$

Additional project information:

Project Number	950-025-09-1003
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$433,015
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$433,015

Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 21, 2009
Revised Target Completion Date	August 20, 2010

EXHIBIT F-2C

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
NEW FLOOR FINISHES IN EXISTING CLASSROOMS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 50,466	\$	\$ 50,466	\$ 50,466
Transfer from Capital Outlay	14,977		14,977	14,977
Total Revenues	65,443		65,443	65,443
Expenditures and Other Financing Uses				
Construction Services	64,494		64,494	65,443
Total Expenditures	64,494		64,494	65,443
Excess (deficiency) of revenues over (under) expenditures	\$ 949	\$	\$ 949	\$ -

Additional project information:

Project Number	950-025-09-1004
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$65,443
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$65,443
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 20, 2010
Revised Target Completion Date	August 20, 2010

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
PARKING LOT AND SIDEWALK UPGRADES, SITE DRAINAGE, NEW DOORS AND HARDWARE
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 169,311	\$	\$ 169,311	\$ 169,311
Transfer from Capital Outlay	116,911		116,911	116,911
Total Revenues	286,222		286,222	286,222
Expenditures and Other Financing Uses				
Construction Services	282,191		282,191	286,222
Total Expenditures	282,191		282,191	286,222
Excess (deficiency) of revenues over (under) expenditures	\$ 4,031	\$	\$ 4,031	\$ -

Additional project information:

Project Number	950-025-09-1005
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$286,222
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$286,222

Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 21, 2009
Revised Target Completion Date	August 21, 2009

EXHIBIT F-2E

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
REPOINTING OF EXISTING GLASS BLOCK AT HALEYVILLE-MAURICETOWN
ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$	\$ 179,902	\$ 179,902	\$ 179,902
Transfer from Capital Outlay		50,928	50,928	50,928
Total Revenues		230,830	230,830	230,830
Expenditures and Other Financing Uses				
Construction Services		195,580	195,580	230,830
Total Expenditures		195,580	195,580	230,830
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 35,250	\$ 35,250	\$ -

Additional project information:

Project Number 950-025-10-1001
Grant Date/ Letter of Notification June 23, 2010
Bond Authorization date
Bond Authorized
Bonds Issued
Original Authorization Cost \$230,830
Additional Authorized Cost \$0.00
Revised Authorized Cost \$230,830

Percentage Increase over Original
Authorized Cost N/A
Percentage Completion 100.0%
Original Target Completion Date August 30, 2011
Revised Target Completion Date August 30, 2011

Note: The total project amount administered by the NJSDA is \$230,830 of which \$179,902 represents the grant from the State of New Jersey with the remaining \$50,928 being funded by the Board of Education.

EXHIBIT F-2F

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
RE-ROOFING OF PORT NORRIS ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$	\$ 152,309	\$ 152,309	\$ 152,309
Transfer from Capital Reserve		52,391	52,391	52,391
Total Revenues		204,700	204,700	204,700
Expenditures and Other Financing Uses				
Construction Services		204,700	204,700	204,700
Total Expenditures		204,700	204,700	204,700
Excess (deficiency) of revenues over (under) expenditures	\$	\$ -	\$ -	\$ -

Additional project information:

Project Number	950-025-10-1002
Grant Date/ Letter of Notification	September 10, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$195,426
Additional Authorized Cost	\$9,274
Revised Authorized Cost	\$204,700
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 30, 2011
Revised Target Completion Date	August 30, 2011

Note: The total project amount administered by the NJSDA is \$202,866 of which \$152,309 represents the grant from the State of New Jersey with the remaining \$52,391 being funded by the Board of Education.

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012 AND 2011

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2012	2011
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ (16,821)	\$ 45,480	\$ 28,659	\$ 65,751
Interfund Receivable	4,349		4,349	
Accounts Receivable:				
State	232		232	390
Federal	16,150		16,150	24,552
Other		416	416	416
Inventories	19,102		19,102	9,907
Total Current Assets	23,012	45,896	68,908	101,016
Fixed Assets:				
Equipment	167,407		167,407	167,407
Accumulated Depreciation	(147,645)		(147,645)	(145,575)
Total Fixed Assets	19,762		19,762	21,832
Total Assets	42,774	45,896	88,670	122,848
LIABILITIES;				
Current Liabilities:				
Accounts Payable	1,830		1,830	1,518
Deferred Revenue	6,605		6,605	1,879
Compensated Absences	14,577		14,577	15,130
Total Current Liabilities	23,012		23,012	18,527
NET ASSETS:				
Invested in Capital Assets net of related Debt	19,762		19,762	21,832
Unrestricted		45,896	45,896	82,489
Total Net Assets	\$ 19,762	\$ 45,896	\$ 65,658	\$ 104,321

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals 2012	2011
OPERATING REVENUES:				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 33,278	\$	\$ 33,278	\$ 68,177
Total Daily Sales - Reimbursable Programs	33,278		33,278	68,177
Daily Sales Non-Reimbursable Programs	24,372	18,438	42,810	33,283
Total Operating Revenue	57,650	18,438	76,088	101,460
OPERATING EXPENSES:				
Salaries	146,054	22,855	168,909	173,471
Employee Benefits	64,371		64,371	130,088
Supplies and Materials	25,101	723	25,824	7,529
Depreciation	2,070		2,070	2,070
Cost of Sales	179,305		179,305	174,970
Management Fee	16,351		16,351	16,030
Repairs and Other Expenses	12,875		12,875	22,262
Total Operating Expenses	446,127	23,578	469,705	526,420
Operating Income (Loss)	(388,477)	(5,140)	(393,617)	(424,960)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	4,839		4,839	4,534
Federal Sources:				
School Breakfast Program	74,319		74,319	57,051
National School Lunch Program	222,347		222,347	212,452
Snack Program	8,757		8,757	10,180
Food Distribution Program	17,721		17,721	21,901
Fruit and Vegetable Grant	22,106		22,106	24,070
Interest		516	516	561
Total Non-Operating Revenues	350,089	516	350,605	330,749
Net Income before Operating Transfers	(38,388)	(4,624)	(43,012)	(94,211)
Operating Transfer In	4,349		4,349	50,000
Net Income	(34,039)	(4,624)	(38,663)	(44,211)
Net Assets - July 1	53,801	50,520	104,321	148,532
Net Assets - June 30	\$ 19,762	\$ 45,896	\$ 65,658	\$ 104,321

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2012	2011
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (388,477)	\$ (5,140)	\$ (393,617)	\$ (424,960)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	2,070		2,070	2,070
Change in Assets and Liabilities:				
(Increase)/ Decrease in Accounts Receivable	8,560		8,560	7,125
Increase/(Decrease) in Interfund Receivable				
Decrease/ (Increase) in Inventory	(9,195)		(9,195)	3,922
Increase/(Decrease) in Accounts Payable	312		312	1,256
Increase/(Decrease) in Deferred Revenue	4,726		4,726	(3,813)
Increase/(Decrease) in Compensated Absences	(553)		(553)	
Net Cash Used by Operating Activities	(382,557)	(5,140)	(387,697)	(414,400)
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursements	350,089		350,089	330,188
Cancellation of Prior Year Accounts Receivable				
Operating Transfer from General Fund			-	50,000
Net Cash Provided by Noncapital Financing Activities	350,089		350,089	380,188
Cash Flows from Capital & Related Financing Activities:				
Purchase of Capital Asset				
Cash Flows from Investing Activities:				
Other Local Revenue		516	516	561
Net Decrease in Cash and Cash Equivalents	(32,468)	(4,624)	(37,092)	(33,651)
Cash and Cash Equivalents, July 1 (Overdraft)	15,647	50,104	65,751	99,402
Cash and Cash Equivalents, June 30 (Overdraft)	\$ (16,821)	\$ 45,480	\$ 28,659	\$ 65,751

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	Expendable Trust Funds	Private Purpose Scholarship Fund	Agency		Total	
			Student Activity	Payroll	2012	2011
ASSETS:						
Cash and Cash Equivalents	\$ 98,338	\$ 1,883	\$ 13,346	\$ 275,130	\$ 388,697	\$ 386,278
Certificate of Deposit		33,500			33,500	33,500
Total Assets	\$ 98,338	\$ 35,383	\$ 13,346	\$ 275,130	\$ 422,197	\$ 419,778
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Interfund Payable - General Fund	\$	\$	\$	\$ 16,516	\$ 16,516	\$ 14,425
Accounts Payable	3,035	500			3,535	1,673
Summer Reserve				246,019	246,019	263,340
Payroll Deductions and Withholdings				12,595	12,595	33,295
Due to Student Groups			13,346		13,346	11,655
Total Liabilities	3,035	500	13,346	275,130	292,011	324,388
Fund Balances:						
Reserved:						
Principal Portion of Expendable Scholarship Fund		34,883			34,883	34,238
Unemployment Compensation	95,303				95,303	61,152
	95,303	34,883			130,186	95,390
Total Liabilities and Fund Balance	\$ 98,338	\$ 35,383	\$ 13,346	\$ 275,130	\$ 422,197	\$ 419,778

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012 AND 2011

	<u>Expendable Trust</u>			
	<u>Unemployment</u>	<u>Scholarship</u>	<u>Total</u>	<u>Total</u>
	<u>Funds</u>	<u>Funds</u>	<u>2012</u>	<u>2011</u>
ADDITIONS:				
Contributions	\$	\$	\$	\$ 40,000
Employee Deductions	37,313		37,313	19,473
Investment Earnings	781	1,145	1,926	1,167
Total Additions	<u>38,094</u>	<u>1,145</u>	<u>39,239</u>	<u>60,640</u>
DEDUCTIONS				
Total Deductions	<u>3,943</u>	<u>500</u>	<u>4,443</u>	<u>40,065</u>
Change in Net Assets	<u>34,151</u>	<u>645</u>	<u>34,796</u>	<u>20,575</u>
Net Assets - Beginning of the Year	<u>61,152</u>	<u>34,238</u>	<u>95,390</u>	<u>74,815</u>
Net Assets - End of the Year	<u>\$ 95,303</u>	<u>\$ 34,883</u>	<u>\$ 130,186</u>	<u>\$ 95,390</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1,</u> <u>2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>6/30/12</u>	<u>Balance</u> <u>June 30,</u> <u>2012</u>
ELEMENTARY SCHOOLS					
Haleyville-Mauricetown	\$ 2,905	\$ 2,558	\$ 3,879	\$	\$ 1,584
Port Norris	(846)	4,412	3,384		182
Breakfast Fund	2,255	5,095	6,077		1,273
Graduation	(1,111)	1,111			
General Fund	1,489	123	142		1,470
Performing Arts	4,667	7,187	3,469		8,385
Vipa-Webster	2,278		2,278		
Video Sales	18				18
Multicultural		577	547		30
ASP		357			357
Basketball, PNS		431	385		46
Bookfair, HMS		6,108	6,107		1
Total Elementary Schools	<u>11,655</u>	<u>27,959</u>	<u>26,268</u>		<u>13,346</u>
TOTAL ALL SCHOOLS	<u>\$ 11,655</u>	<u>\$ 27,959</u>	<u>\$ 26,268</u>	<u>\$</u>	<u>\$ 13,346</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>7/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/12</u>
ASSETS:				
Cash and Cash Equivalents	\$ 311,060	\$ 6,260,895	\$ 6,296,825	\$ 275,130
Total Assets	<u>\$ 311,060</u>	<u>\$ 6,260,895</u>	<u>\$ 6,296,825</u>	<u>\$ 275,130</u>
LIABILITIES:				
Interfund Payable - General Fund	\$ 14,425	\$ 2,091	\$	\$ 16,516
Summer Reserve Account	263,340	248,072	265,393	246,019
Payroll Deductions and Withholdings	33,295	6,010,732	6,031,432	12,595
Total Liabilities	<u>\$ 311,060</u>	<u>\$ 6,260,895</u>	<u>\$ 6,296,825</u>	<u>\$ 275,130</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

EXHIBIT I-1

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF SERIAL BONDS
LOANS PAYABLE
JUNE 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>					
School	8/18/1993	\$692,500	7/15/12	\$ 36,447.37	1.50%	\$ 109,338	\$	\$ 36,447	\$ 72,891
			7/15/13	36,447.34					
School	8/18/1993	692,500	7/15/12	49,112.89	5.29%	147,443		47,026	100,417
			7/15/13	51,303.89					
Refunding Bonds of 2009 to refund Series 2001 above	11/17/2009	2,370,000	8/1/12-13	195,000.00	2.000%				
			8/1/14	195,000.00	2.250%				
			8/1/15	200,000.00	4.000%				
			8/1/16	210,000.00	3.000%				
			8/1/17	225,000.00	4.000%				
			8/1/18	235,000.00	3.125%				
			8/1/19	230,000.00	3.250%				
			8/1/20	235,000.00	4.500%				
			8/1/21	230,000.00	4.500%	2,345,000		195,000	2,150,000
Totals						\$ 2,601,781	\$	\$ 278,473	\$ 2,323,308

EXHIBIT I-3

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local sources:					
Local Tax Levy	\$ 143,805	\$	\$ 143,805	\$ 143,805	\$
State Sources:					
Debt Service Aid Type II	211,330		211,330	211,330	
TOTAL REVENUES	<u>355,135</u>		<u>355,135</u>	<u>355,135</u>	
EXPENDITURES:					
Regular Debt Service					
Interest	81,101		81,101	81,101	
Redemption of Principal	316,894		316,894	278,473	38,421
Total Regular Debt Service	<u>397,995</u>		<u>397,995</u>	<u>359,574</u>	<u>38,421</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,860)</u>		<u>(42,860)</u>	<u>(4,439)</u>	<u>38,421</u>
Other Financing Sources (Uses)					
Operating Transfers In					
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Sources	<u>(42,860)</u>		<u>(42,860)</u>	<u>(4,439)</u>	<u>38,421</u>
Fund Balance, July 1	<u>42,862</u>		<u>42,862</u>	<u>42,862</u>	
Fund Balance, June 30	<u>\$ 2</u>	<u>\$</u>	<u>\$ 2</u>	<u>\$ 38,423</u>	<u>\$ 38,421</u>

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)**

		Fiscal Year Ending June 30,								
		2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$	4,389,316	\$ 4,418,872	\$ 4,450,796	\$ 4,246,359	\$ 4,091,162	\$ 4,111,820	\$ 4,873,181	\$ 4,781,888	\$ 4,963,198
Restricted		1,580,622	2,009,609	1,954,624	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286	1,021,338
Unrestricted		(861,734)	(1,037,655)	(1,084,527)	(1,084,243)	(1,031,124)	(1,747,868)	(1,885,240)	(1,602,285)	(966,864)
Total Governmental Activities Net Assets	\$	5,108,204	\$ 5,390,826	\$ 5,320,893	\$ 4,711,626	\$ 4,188,157	\$ 4,410,014	\$ 4,514,369	\$ 4,645,889	\$ 5,017,672
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$	18,033	\$ 15,612	\$ 13,191	\$ 10,770	\$ 10,309	\$ 9,083	\$ 23,902	\$ 21,832	\$ 19,762
Restricted										
Unrestricted		(61,831)	(12,483)	82,246	121,133	159,873	167,010	124,630	82,489	45,896
Total Business-Type Activities Net Assets	\$	(43,798)	\$ 3,129	\$ 95,437	\$ 131,903	\$ 170,182	\$ 176,093	\$ 148,532	\$ 104,321	\$ 65,658
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$	4,407,349	\$ 4,434,484	\$ 4,463,987	\$ 4,257,129	\$ 4,101,471	\$ 4,120,903	\$ 4,897,083	\$ 4,803,720	\$ 4,982,960
Restricted		1,580,622	2,009,609	1,954,624	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286	1,021,338
Unrestricted		(923,565)	(1,050,138)	(1,002,281)	(963,110)	(871,251)	(1,580,858)	(1,760,610)	(1,519,796)	(920,968)
Total District-Wide Net Assets	\$	5,064,406	\$ 5,393,955	\$ 5,416,330	\$ 4,843,529	\$ 4,358,339	\$ 4,586,107	\$ 4,662,901	\$ 4,750,210	\$ 5,083,330

Source: CAFR Schedule A-1

STATISTICAL SECTION

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	For Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
Governmental activities									
Instruction									
Regular	\$ 3,158,121	\$ 3,107,388	\$ 3,224,042	\$ 3,156,227	\$ 3,319,501	\$ 3,357,969	\$ 3,464,382	\$ 3,366,236	\$ 3,909,913
Special Education	411,515	414,690	364,812	410,850	402,660	608,730	495,980	695,354	400,945
Other Special Education	166,977	273,639	124,613	269,767	239,384	366,151	418,126	343,378	7,447
Other Instruction	4,978	5,640	8,184	3,826	2,704	18,538	19,833	6,286	9,731
Support Services									
Tuition	2,211,430	1,993,128	2,442,565	2,641,693	2,532,551	2,420,356	2,797,250	3,061,878	3,448,826
Student and Instruction Related Services	1,342,844	1,410,276	1,042,753	914,994	1,218,422	887,375	1,022,953	963,836	942,783
General and Business Administrative Services	340,154	341,864	327,625	301,534	339,179	395,564	354,808	273,396	225,672
School Administrative Services	318,687	316,243	348,611	321,346	292,444	302,336	314,291	344,906	365,004
Central Services				195,105	204,391	205,258	219,829	217,143	248,170
Administrative Information Technology					12,530	9,875	3,783	13,526	31,615
Plant Operations and Maintenance	688,314	673,716	697,071	769,031	792,768	841,711	817,433	899,009	835,641
Pupil Transportation	626,285	680,440	669,035	691,322	815,314	880,997	993,527	808,002	802,161
Business and Other Support Services	1,394,853	1,582,297	2,081,148	2,330,474	2,133,729	2,265,509	2,713,412	2,404,763	2,513,003
Summer School					32,901	52,932	55,884	10,732	
Amortization of Debt Issue Costs	2,189	2,189	3,850	3,850	3,850	3,850	35,614	9,516	9,516
Interest on Long-Term Debt	187,656	166,814	167,505	158,543	149,861	139,399	72,761	85,405	78,086
Unallocated Depreciation	204,056	400,693	401,290	533,538	393,603	393,603	415,865	509,902	538,034
Total Governmental Activities Expenses	11,058,059	11,369,017	11,903,104	12,702,100	12,885,792	13,150,153	14,215,731	14,013,268	14,366,547
Business-Type Activities									
Food Service	425,514	426,110	352,987	389,398	403,650	453,051	495,927	507,598	446,127
Extended Day		1,086	24,381	21,511	19,570	18,608	19,712	18,822	23,578
Safe Schools			38,827						
Total Business-Type Activities Expense	425,514	427,196	416,195	410,909	423,220	471,659	515,639	526,420	469,705
Total District Expenses	\$ 11,483,573	\$ 11,796,213	\$ 12,319,299	\$ 13,113,009	\$ 13,309,012	\$ 13,621,812	\$ 14,731,370	\$ 14,539,688	\$ 14,836,252
Program Revenues									
Governmental Activities									
Operating Grants and Contributions	\$ 2,184,497	\$ 2,218,602	\$ 2,610,073	\$ 2,682,881	\$ 2,732,628	\$ 1,754,904	\$ 2,108,027	\$ 2,174,350	\$ 1,869,639
Total Governmental Activities Program Revenues	2,184,497	2,218,602	2,610,073	2,682,881	2,732,628	1,754,904	2,108,027	2,174,350	1,869,639
Business-Type Activities									
Charges for Services									
Food Service	77,180	73,759	76,044	76,574	77,775	67,020	64,339	77,806	57,650
Extended Day		24,741	18,197	21,028	22,954	19,235	25,636	23,654	18,438
Operating Grants and Contributions	233,204	225,291	292,980	227,753	250,120	290,924	357,007	330,188	350,089
Total Business-Type Activities Program Revenues	310,384	323,791	387,221	325,355	350,849	377,179	446,982	431,648	426,177
Total District Program Revenues	\$ 2,494,881	\$ 2,542,393	\$ 2,997,294	\$ 3,008,236	\$ 3,083,477	\$ 2,132,083	\$ 2,555,009	\$ 2,605,998	\$ 2,295,816
Net (Expense)/Revenue									
Governmental Activities	\$ (8,873,562)	\$ (9,150,415)	\$ (9,293,031)	\$ (10,019,219)	\$ (10,153,164)	\$ (11,395,249)	\$ (12,107,704)	\$ (11,838,918)	\$ (12,496,908)
Business-Type Activities	(115,130)	(103,405)	(28,974)	(85,554)	(72,371)	(94,480)	(68,657)	(94,772)	(43,528)
Total District-Wide Net Expense	\$ (8,988,692)	\$ (9,253,820)	\$ (9,322,005)	\$ (10,104,773)	\$ (10,225,535)	\$ (11,489,729)	\$ (12,176,361)	\$ (11,933,690)	\$ (12,540,436)
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Property Taxes Levied for General Purposes, net	\$ 1,182,228	\$ 1,243,223	\$ 1,466,983	\$ 1,560,450	\$ 1,535,870	\$ 1,558,870	\$ 1,558,870	\$ 1,616,662	\$ 1,648,998
Taxes Levied for Debt Service	116,665	114,586	135,328	86,149	114,019	109,911	115,148	174,378	143,805
Unrestricted Grants and Contributions	7,733,397	8,163,754	7,514,370	7,543,733	7,940,421	9,915,156	10,447,899	10,173,152	11,051,930
Investment Earnings	25,768	41,339	78,959	143,079	51,543	15,013	20,573	11,982	7,557
Miscellaneous Income	170,167	20,135	147,458	179,202	122,225	175,836	104,569	44,264	20,750
Other Adjustments				17,339	(14,383)	(57,680)			
Transfers	(132,032)	(150,000)	(120,000)	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)
Total Governmental Activities	9,096,193	9,433,037	9,223,098	9,409,952	9,629,695	11,617,106	12,212,059	11,970,438	12,868,691
Business-Type Activities									
Investment Earnings		332	1,282	2,020	1,166	391	489	561	516
Other Adjustments					(10,516)		5,607		
Transfers	120,000	150,000	120,000	120,000	120,000	100,000	35,000	50,000	4,349
Total Business-Type Activities	120,000	150,332	121,282	122,020	110,650	100,391	41,096	50,561	4,865
Total District-Wide	\$ 9,216,193	\$ 9,583,369	\$ 9,344,380	\$ 9,531,972	\$ 9,740,345	\$ 11,717,497	\$ 12,253,155	\$ 12,020,999	\$ 12,873,556
Change in Net Assets									
Governmental Activities	\$ 222,631	\$ 282,622	\$ (69,933)	\$ (609,267)	\$ (523,469)	\$ 221,857	\$ 104,355	\$ 131,520	\$ 371,783
Business-Type Activities	4,870	46,927	92,308	36,466	38,279	5,911	(27,561)	(44,211)	(38,663)
Total District-Wide	\$ 227,501	\$ 329,549	\$ 22,375	\$ (572,801)	\$ (485,190)	\$ 227,768	\$ 76,794	\$ 87,309	\$ 333,120

Source: CAFR Schedule A-2

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
FUND BALANCES-GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 1,549,878	\$ 1,922,793	\$ 1,805,517	\$ 1,099,012	\$ 852,073	\$ 1,486,960	\$ 1,622,136	\$ 641,437	\$ 88,309
Unreserved	(84,301)	(171,471)	12,690	371,498	209,417	(126,263)	(732,463)	179,066	763,619
Total General Fund	<u>\$ 1,465,577</u>	<u>\$ 1,751,322</u>	<u>\$ 1,818,207</u>	<u>\$ 1,470,510</u>	<u>\$ 1,061,490</u>	<u>\$ 1,360,697</u>	<u>\$ 889,673</u>	<u>\$ 820,503</u>	<u>\$ 851,928</u>
All Other Governmental Funds									
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved, Reported in:									
Special Revenue Fund	(45,314)	(45,314)	(45,314)	(45,314)	(55,765)	(32,417)	(32,806)	(36,296)	(32,806)
Capital Projects Fund	18,938	25,463	25,463	18,938	18,938	18,938	24,668	65,122	72,899
Debt Service Fund	1	28,659	28,659	4,757	4,757	2	42,861	42,862	38,423
Permanent Fund	35,823	35,453							
Total All Other Governmental Funds	<u>\$ 9,448</u>	<u>\$ 44,261</u>	<u>\$ 8,808</u>	<u>\$ (21,619)</u>	<u>\$ (32,070)</u>	<u>\$ (13,477)</u>	<u>\$ 34,723</u>	<u>\$ 71,688</u>	<u>\$ 78,516</u>

Source: CAFR Schedule B-1

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	\$ 1,168,775	\$ 1,298,893	\$ 1,357,809	\$ 1,602,311	\$ 1,646,599	\$ 1,649,889	\$ 1,668,781	\$ 1,674,018	\$ 1,791,040	\$ 1,792,803
Transportation										
Interest Earnings	84,365	19,385	40,836	78,959	143,079	51,543	15,013	20,573	11,982	7,557
Miscellaneous	104,665	154,272	145,792	102,721	182,201	125,225	176,836	104,569	44,264	20,750
State Sources	8,059,151	8,618,141	8,925,243	8,933,866	9,322,918	9,861,808	10,860,691	9,676,315	11,128,210	11,741,894
Federal Sources	749,983	1,201,551	1,283,680	1,190,577	900,696	808,241	808,369	2,879,611	1,219,292	1,179,675
Other Sources	7,012	39,467								
Total Revenues	10,173,951	11,331,709	11,753,360	11,908,434	12,195,493	12,496,706	13,529,690	14,355,086	14,194,788	14,742,679
Expenditures										
Instruction										
Regular Instruction	2,867,694	3,158,121	3,107,388	3,224,042	3,156,227	3,319,501	3,357,969	3,464,382	3,366,236	3,909,913
Special Education Instruction	394,510	411,515	414,690	364,812	410,850	402,660	608,730	495,980	695,354	400,945
Other Special Instruction	193,077	166,977	273,639	124,613	269,767	239,384	366,151	418,126	343,378	7,447
Other instruction	9,075	4,978	5,640	8,184	3,826	2,704	18,538	19,833	6,286	9,731
Support Services										
Tuition	1,950,318	2,211,430	1,993,128	2,442,565	2,641,693	2,532,551	2,420,356	2,797,250	3,061,878	3,448,826
Student and Instruction Related Services	834,303	1,342,844	1,410,276	1,042,753	914,994	1,218,422	887,375	1,022,953	963,836	942,783
School Administrative Services	308,519	318,687	316,243	348,611	296,534	292,444	395,564	354,808	344,906	365,004
General Administrative Services	307,164	340,154	341,864	327,625	326,346	351,709	302,336	314,291	273,396	225,672
Central Services & Info. Techn.					195,105	204,391	215,133	223,612	228,303	278,409
Plant Operations and Maintenance	521,682	688,314	673,716	697,071	769,031	792,768	847,255	817,433	899,009	835,641
Pupil Transportation	612,610	626,285	680,440	669,035	691,322	815,314	880,997	993,527	808,002	802,161
Business and Other Support Services	141,427	146,128	180,708	185,497						
Employee Benefits	1,314,211	1,248,725	1,401,589	1,812,016	2,303,797	2,185,417	2,148,522	2,452,283	2,614,324	2,671,724
Summer School						32,901	52,932	55,884	10,732	
Capital Outlay	133,414	107,228	103,132	100,365	100,287	36,494	238,416	982,230	199,491	442,247
Debt Service										
Principal	69,125	190,435	175,884	203,173	209,704	216,295	227,981	239,693	271,536	278,473
Interest and Other Charges	273,447	187,656	166,814	171,187	162,364	153,222	143,635	90,625	90,326	81,101
Total Expenditures	9,930,576	11,149,477	11,245,151	11,721,549	12,451,847	12,796,177	13,111,890	14,742,910	14,176,993	14,700,077
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	243,375	182,232	508,209	186,885	(256,354)	(299,471)	417,800	(387,824)	17,795	42,602
Other Financing Sources (Uses)										
Other adjustments					(1,770)					
Transfers, net	(555,000)	(125,649)	(194,176)	(120,000)	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)
Total Other Financing Sources (Uses)	(555,000)	(125,649)	(194,176)	(120,000)	(121,770)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)
Net Change in Fund Balances	\$ (311,625)	\$ 56,583	\$ 314,033	\$ 66,885	\$ (378,124)	\$ (419,471)	\$ 317,800	\$ (422,824)	\$ (32,205)	\$ 38,253
Debt Service as a Percentage of										
Noncapital Expenditures	3.5%	3.4%	3.1%	3.2%	3.0%	2.9%	2.9%	2.4%	2.6%	2.5%

Source: CAFR Schedule B-2

EXHIBIT J-5

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Transportation and Tuition Revenue</u>	<u>Prior Years Tuition</u>	<u>Prior Year Order Adjustments</u>	<u>E-Rate</u>	<u>Misc.</u>	<u>Total</u>
2012	\$ 7,076	\$	\$	\$	\$ 14,024	\$ 2,627	\$ 23,727
2011	11,982		23,345	-	13,883	6,473	55,683
2010	20,020	14,202		34,586	11,972	42,899	123,679
2009	14,533	104,708		63,342	5,797	62,429	250,809
2008	51,543	35,672		66,805	16,792	2,956	173,768
2007	143,079	10,552		96,288		75,361	325,280
2006	76,791		8,643	69,883		24,195	179,512
2005	14,885	40,296		95,101		36,849	187,131
2004	33,410	18,841	55,485	26,296		39,007	173,039
2003	13,300	84,365	55,485	12,616		23,264	189,030

Source: District Records

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2012	\$ 18,026,900	\$ 242,809,800	\$ 3,282,400	\$ 500,600	\$ 11,719,200	\$ 12,810,900	\$ 1,169,000	\$ 290,318,800	\$ 1,867,242	\$ 292,186,042	\$ 0.630	\$ 257,786,181
2011	18,373,400	241,907,400	3,354,400	500,600	11,771,400	13,038,400	1,169,000	290,114,600	1,879,419	291,994,019	0.612	280,891,713
2010	18,423,800	240,822,700	3,247,500	498,100	11,763,400	13,038,400	1,169,000	288,962,900	2,096,236	291,059,136	0.614	266,639,661
2009	18,301,400	241,081,100	3,254,000	498,100	12,095,200	13,122,400	1,169,000	289,521,200	2,061,122	291,582,322	0.572	250,512,980
2008	9,268,175	97,090,890	738,400	546,000	4,089,750	5,914,700	62,400	117,710,315	1,126,837	118,837,152	1.400	234,622,912
2007	9,275,275	94,833,900	790,400	546,000	4,139,050	5,914,700	62,400	115,561,725	1,221,099	116,782,824	1.403	231,561,392
2006	10,466,675	93,369,300	790,400	546,000	4,140,450	6,213,100	62,400	115,588,325	983,653	116,571,978	1.398	207,971,432
2005	10,367,975	92,296,000	823,800	469,200	4,146,650	6,495,100	62,400	114,661,125	1,643,076	116,304,201	1.367	180,710,993
2004	10,779,375	91,343,700	930,400	446,300	4,146,650	6,495,100	62,400	114,203,925	1,772,900	115,976,825	1.160	155,676,016
2003	10,795,675	91,079,200	931,000	449,400	4,241,650	6,478,000	62,400	114,037,325	1,964,592	116,001,917	1.109	144,846,088

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

* Estimate

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)

Year Ended June 30,	Commercial Township Board of Education			Overlapping Rates		
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Commercial Township	Cumberland County	Total
2012/	\$ 0.579	\$ 0.051	\$ 0.630	\$ 0.587	\$ 0.848	\$ 2.065
2011	0.552	0.060	0.612	0.587	0.921	2.120
2010	0.572	0.042	0.614	0.587	0.835	2.036
2009 *	0.534	0.038	0.572	0.449	0.773	1.794
2008	1.303	0.097	1.400	0.924	1.901	4.225
2007	1.330	0.073	1.403	0.786	1.737	3.926
2006	1.280	0.118	1.398	0.786	1.641	3.825
2005	1.252	0.115	1.367	0.751	1.427	3.545
2004	1.056	0.104	1.160	0.680	1.240	3.080
2003	1.010	0.100	1.110	0.633	1.156	2.899

* First Year of Revaluation.

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Whibco Inc. (Whitehead)	\$ 4,992,300	1.71%	\$ 4,396,600	3.79%
Nicholas Levari (PA)			2,748,200	2.37%
New Jersey Bell Telephone			1,865,838	1.61%
U.S. Silica Co.	2,690,700	0.92%	3,897,000	3.36%
Exelon Generation Co. LLC	2,575,400	0.88%		
PSE&G			1,556,700	1.34%
Ricci Brothers Sand Co.	1,187,000	0.41%	515,000	0.44%
Whibco Inc. (Ackley)	1,388,400	0.48%		
Taxpayer #1	986,000	0.34%	821,100	0.71%
Verizon Dist. 3	886,882	0.30%		
Surfside Products LLC	733,600	0.25%		
Port Norris Marina Inc.	646,200	0.22%		
Taxpayer #2	606,200	0.21%	773,800	0.67%
Taxpayer #3			549,700	0.47%
Bivalve Packing			472,000	0.41%
 Total	 \$ 16,692,682	 5.71%	 \$ 17,595,938	 15.17%

Source: District CAFR & Municipal Tax Assessor

EXHIBIT J-9

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2012	\$ 1,792,803	\$ 1,792,803	100.00%	\$
2011	1,791,040	1,791,040	100.00%	
2010	1,674,018	1,674,018	100.00%	
2009	1,668,781	1,668,781	100.00%	
2008	1,649,889	1,649,889	100.00%	
2007	1,646,599	1,646,599	100.00%	
2006	1,602,311	1,602,311	100.00%	
2005	1,357,809	1,357,809	100.00%	
2004	1,298,893	1,298,893	100.00%	
2003	1,168,775	1,168,775	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, the amount voted upon or certified prior to the end of the school year.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^p	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	\$ 2,323,308	\$	\$	\$	\$ 2,323,308	1.27%	\$	447
2011	2,601,781				2,601,781	1.45%		501
2010	2,873,317				2,873,317	1.63%		554
2009	3,018,009	5,939			3,023,948	1.71%		559
2008	3,245,990	11,483			3,257,473	1.85%		603
2007	3,462,285	28,465			3,490,750	2.12%		647
2006	3,671,989	78,792			3,750,781	2.38%		698
2005	3,875,162	126,155			4,001,317	2.68%		747
2004	4,051,046	170,728			4,221,774	2.90%		791
2003	4,257,376	212,677			4,470,053	3.17%		844

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2012	\$ 2,323,308		\$ 2,323,308	0.80%	447
2011	2,601,781		2,601,781	0.89%	501
2010	2,873,317		2,873,317	0.99%	531
2009	3,018,009		3,018,009	1.04%	558
2008	3,245,990		3,245,990	2.73%	601
2007	3,462,285		3,462,285	2.96%	644
2006	3,671,989		3,671,989	3.15%	686
2005	3,875,162		3,875,162	3.33%	726
2004	4,051,046		4,051,046	3.49%	764
2003	4,257,376		4,257,376	3.67%	808

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Commercial Township	\$ 1,708,500	100.000%	\$ 1,708,500
Other debt			
County of Cumberland - Township share	67,721,951	2.811%	1,903,371
Subtotal, Overlapping Debt			3,611,871
Commercial Township School District Direct Debt			2,323,308
Total Direct and Overlapping Debt			\$ 5,935,179

Sources: Commercial Township Chief Financial Officer and Cumberland County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Commercial. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized Valuation Basis
	2011 \$ 257,604,866
	2010 276,149,560
	2009 263,177,166
	[A] \$ 796,931,592
Average Equalized Valuation of Taxable Property	[A/3] \$ 265,643,864
Debt Limit (3% of Average Equalization Value)	[B] \$ 7,969,316 a
Net Bonded School Debt	[C] 2,323,309
Legal Debt Margin	[B-C] \$ 5,646,007

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 4,034,124	\$ 4,134,677	\$ 4,351,246	\$ 4,812,331	\$ 5,391,024	\$ 6,137,667	\$ 6,772,680	\$ 7,377,297	\$ 7,835,390	\$ 7,969,316
Total Net Debt Applicable to Limit	4,257,376	4,051,046	3,875,162	3,671,989	3,462,285	3,245,990	3,018,009	2,873,317	2,601,781	2,323,308
Legal Debt Margin	\$ (223,252)	\$ 83,631	\$ 476,084	\$ 1,140,342	\$ 1,928,739	\$ 2,891,677	\$ 3,754,671	\$ 4,962,073	\$ 5,233,609	\$ 5,646,008
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	106%	98%	89%	76%	64%	53%	45%	39%	33%	29%

Source: Abstract of Ratables and District Records

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>		<u>Population ^a</u>		<u>Personal Income (thousands of dollars) ^b</u>		<u>Per Capita Personal Income ^{c (1)}</u>	<u>Unemployment Rate ^d</u>
2012	*	5,199	\$	183,404,306	\$	35,277	15.40%
2011	*	5,197		179,738,973		34,585	15.50%
2010		5,186		175,841,702		33,907	13.60%
2009		5,412		177,188,880		32,740	12.70%
2008		5,406		176,219,382		32,597	7.40%
2007		5,398		164,768,552		30,524	6.10%
2006		5,375		157,600,375		29,321	6.80%
2005		5,356		149,277,076		27,871	5.90%
2004		5,335		145,362,745		27,247	4.40%
2003		5,299		141,085,875		26,625	5.80%

* Estimate

(1) Information for Cumberland County

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A - Not Available at time of Audit

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Not Available				
	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>

Source:

This schedule should include the ten largest employers, unless fewer are required to reach 50 percent of total employment.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	52	53	50	52	51	49	49	48	47	49
Special education	5	8	8	7	7	12	17	14	19	11
Support Services:										
Tuition										
Student & instruction related services	18	18	17	17	19	16	14	17	15	13
General administrative services	2	2	2	2	2	2	2	2	2	1
School administrative services	4	5	5	5	5	5	5	7	7	6
Business administrative services	3	3	3	3	3	3	3	3		2
Plant operations and maintenance	7	9	10	9	9	9	9	9	9	2
Food Service										
Total	<u>91</u>	<u>98</u>	<u>95</u>	<u>95</u>	<u>96</u>	<u>96</u>	<u>99</u>	<u>100</u>	<u>99</u>	<u>84</u>

Source: District Personnel Records

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ^b</u>	<u>Pupil/ Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE) ^c</u>	<u>Average Daily Attendance (ADA) ^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2012	636	\$ 13,898,256	\$ 21,853	6.7%	60	10.6 : 1	636.0	593.3	-3.36%	93.29%
2011	665	13,615,640	20,475	-0.1%	66	10.1 : 1	658.1	609.9	-0.98%	92.68%
2010	655	13,430,362	20,504	11.5%	61	10.7 : 1	664.6	619.3	0.09%	93.18%
2009	680	12,501,858	18,385	-0.4%	59	11.5 : 1	664.0	620.1	0.77%	93.39%
2008	671	12,390,166	18,465	4.8%	59	13.3 : 1	658.9	611.4	-2.17%	92.79%
2007	680	11,979,492	17,617	6.2%	62	10.86 : 1	673.5	624.4	-0.63%	92.71%
2006	678	11,246,824	16,588	5.7%	68	9.97 : 1	677.8	633.6	-4.14%	93.48%
2005	688	10,802,264	15,701	5.2%	75	8.30 : 1	707.1	663.0	-0.06%	93.76%
2004	715	10,669,800	14,923	13.3%	76	11.37 : 1	707.5	657.5	-1.32%	92.93%
2003	718	9,454,590	13,168	4.8%	71	12.49 : 1	717.0	665.0	0.28%	92.75%

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>										
<u>Elementary</u>										
Haleyville-Mauricetown (1968)										
Square Feet	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975
Capacity (students)	430	430	430	430	430	430	430	430	430	430
Enrollment	419	487	466	463	499	460	492	460	470	444
<u>Middle School</u>										
Port Norris School (1916)										
Square Feet	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875
Capacity (students)	248	248	248	248	248	248	248	248	248	248
Enrollment	299	228	222	216	218	190	188	195	195	192
<u>Other</u>										
Central Administration (1998)										
Square Feet	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

Number of Schools at June 30, 2012

 Elementary = 1
 Middle = 1
 High School = 0
 Other = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Haleyville-Mauricetown	65,975	\$ 121,257	\$ 125,112	\$ 112,057	\$ 112,126	\$ 86,625	\$ 118,932	\$ 76,750	\$ 47,938	\$ 34,458	\$ 61,726
Port Norris Middle	49,875	92,014	100,901	98,390	74,606	83,659	58,557	61,591	37,037	71,098	59,808
Total School Facilities		213,271	226,013	210,447	186,732	170,284	177,489	138,341	84,975	105,556	121,534
Other Facilities	1,900	61,315	3,195	6,095	5,781	11,141	13,249	10,882	32,996	39,876	39,876
Grand Total		\$ 274,586	\$ 229,208	\$ 216,542	\$ 192,513	\$ 181,425	\$ 190,738	\$ 149,223	\$ 117,971	\$ 145,432	\$ 161,410

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund	General & Auto Liability	\$ 5,000,000	
	Property & Auto Physical Damage	250,000,000	
	Boiler/Machinery	100,000,000	
	Money and Securities	50,000	
	Faithful Performance	100,000	
	Computer Fraud	50,000	
	Forgery and Attention	50,000	
	Environmental Impairment	1,000,000/25,000,000 Fund Agg	
	Excess Liability	5,000,000	
	School Leaders Professional Liability	5,000,000/5,000,000 Agg.	
The Hartford	Public Official Bond - Business Administrator/Board Secretary	100,000	
N.J. School Boards Insurance Group	Workers' Compensation	2,000,000	
American International	Student Accident	1,000,000	

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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October 29, 2012

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable President and
Members of the Board of Education
Commercial Township School District
County of Cumberland, New Jersey 08349

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education of the Commercial Township School District's basis financial statements and have issued our report thereon dated October 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commercial Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commercial Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commercial Township Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did, however note three other immaterial matters involving internal control that we have reported to the Commercial Township Board of Education in a separate report entitled, *Auditor's Management Report on Administrative Findings, Compliance and Performance* dated October 29, 2012.

Compliance and Other Matters

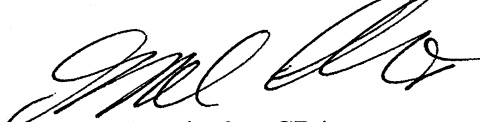
As part of obtaining reasonable assurance about whether the Commercial Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey labeled Finding 2012-6.

We also noted two other immaterial matters involving internal control that we have reported to the Commercial Township Board of Education in a separate report entitled, *Auditor's Management Report on Administrative Findings, Compliance and Performance* dated October 29, 2012.

This report is intended solely for the information and use of the audit committee, management, the Commercial Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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Williamstown, NJ 08094

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Fax (856) 728-2245

October 29, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04**

The Honorable President and
Members of the Board of Education
Commercial Township School District
County of Cumberland, New Jersey 08349

Compliance

We have audited the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Commercial Township School District's major federal and state programs for the fiscal year ended June 30, 2012. The Commercial Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Commercial Township Board of Education's management. Our responsibility is to express an opinion on the Commercial Township Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, local Governments, and Non-Profit Organizations* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Commercial Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Commercial Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

Management of the Board of Education of the Commercial Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Commercial Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commercial Township Board of Education's internal control over compliance.

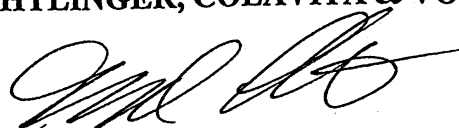
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Commercial Township Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Commercial Township Board of Education's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee, management, the Commercial Township Board of Education, the New Jersey State Department of Education, other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,
NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2011	Cash Received	Budgetary Expenditures	Adjust- ments	Balance at June 30, 2012		
				From	To					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education												
General Fund												
Medical Assistance Program -	93.778	N/A	22,304	7/1/11	6/30/12	\$	\$	14,480	\$		\$	\$
Education Jobs Fund	84.410A	ARRA	360,457	8/10/10	9/30/12			90,972		(7,824)		
								(360,457)		(269,485)		
								105,452		(277,309)		
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
U.S.D.A. Food Distribution Pr	10.565	N/A	18,215	7/1/10	6/30/11	1,879		(1,879)				
U.S.D.A. Food Distribution Pr	10.565	N/A	21,845	7/1/11	6/30/12		21,845	(15,842)			6,003	
Fresh Fruits and Vegetable Pr	10.582	N/A	22,106	7/1/11	6/30/12		20,662	(22,106)		(1,444)		
Fresh Fruits and Vegetable Pr	10.582	N/A	24,070	7/1/10	6/30/11	(1,462)	1,462					
School Breakfast Program	10.553	N/A	74,319	7/1/11	6/30/12		70,574	(74,319)		(3,745)		
School Breakfast Program	10.553	N/A	57,051	7/1/10	6/30/11	(5,352)	5,352					
School Snack Program	10.555	N/A	8,757	7/1/11	6/30/12		8,585	(8,757)		(172)		
School Snack Program	10.555	N/A	10,180	7/1/10	6/30/11	(551)	551					
National School Lunch Progra	10.555	N/A	212,452	7/1/10	6/30/11	(17,187)	17,187					
National School Lunch Progra	10.555	N/A	222,347	7/1/11	6/30/12		211,558	(222,347)		(10,789)		
Total U.S. Department of Agriculture						(22,673)	357,776	(345,250)		(16,150)	6,003	
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
I.D.E.A. Part B, Pre-school	84.173	IDEA0950-12	6,732	9/1/11	8/31/12			(6,732)		(6,732)		
I.D.E.A. Part B Basic	84.027	IDEA0950-11	244,175	9/1/10	8/31/11	(66,291)	66,291		893			893
I.D.E.A. Part B Basic	84.027	IDEA0950-12	239,595	9/1/11	8/31/12		86,267	(239,595)		(153,328)		
Title I	84.010A	NCLB0950-12	500,367	9/1/11	8/31/12		157,262	(458,448)		(301,186)		
Title I	84.010A	NCLB0950-11	487,984	9/1/10	8/31/11	(223,137)	223,762		(625)			
Title I	84.010A	NCLB0950-09	448,418	9/1/08	8/31/09	(2,000)			2,000			
Title II A	84.367A	NCLB0950-12	69,274	9/1/11	8/31/12		52,288	(62,746)		(10,458)		
Title II A	84.367A	NCLB0950-11	75,565	9/1/10	8/31/11	(37,137)	37,137					
Title II D	84.318X	NCLB0950-11	1,067	9/1/10	8/31/11	(1,067)	1,067					
Title VI	84.369A	NCLB0950-12	14,605	9/1/11	8/31/12			(14,605)		(14,605)		
21st Century Prog - PN	84.287C	NCLB0950-12	65,287	9/1/11	8/31/12		31,547	(43,837)		(12,290)		
21st Century Prog - HMS	84.287C	NCLB0950-11	47,764	9/1/10	8/31/11	(8,224)	11,737	(3,513)				
21st Century Prog - PN	84.287C	NCLB0950-11	64,971	9/1/10	8/31/11	(47,996)	50,282	(2,286)				
21st Century Prog	84.287C	NCLB0950-07	60,562	7/1/06	6/30/07	457			(457)			
21st Century Prog - HMS	84.287C	NCLB0950-12	44,241	9/1/11	8/31/12		27,057	(35,680)		(8,623)		
Talent 21	84.318X	NGO10-RE01-G03	90,602	2/1/10	9/15/11	(23,902)	39,537	(18,115)		(2,480)		
ARRA - Title I A	84.389A	ARRA0950-10	272,936	7/1/09	8/31/11	(40,516)	40,516		1,216			1,216
ARRA - Title I A SIA	84.389A	ARRA0950-10	6,128	7/1/09	6/30/10	(3,270)	3,270					
ARRA - IDEA	84.391	ARRA0950-10	238,101	7/1/09	8/31/11	(20,438)	20,652					214
ARRA - IDEA - PS	84.392A	ARRA0950-10	8,563	7/1/09	6/30/10	(1,936)	1,936					
Total U.S. Department of Education						(475,457)	850,608	(885,557)	3,027	(509,702)		2,323
Total Federal Financial Assistance						\$ (498,130)	\$ 1,313,836	\$ (1,613,568)	\$ 3,027	\$ (803,161)	\$ 6,003	\$ 2,323

See accompanying notes to schedules of financial assistance

TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - Schedule B
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2011		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2012		MEMO	
					(Accounts Receivable)	Deferred Revenue				(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General fund:													
Equalization Aid	12-495-034-5120-078	\$ 9,326,011	7/1/11	6/30/12				\$ 8,456,409	\$ (9,326,011)	\$ (869,602)		* \$ (869,602)	\$ 9,326,011
Equalization Aid	11-495-034-5120-078	9,326,011	7/1/10	6/30/11	\$ (859,021)			859,021					
Special Education Categorical Aid	12-495-034-5120-089	450,198	7/1/11	6/30/12				405,180	(450,198)	(45,018)		*	450,198
Special Education Categorical Aid	11-495-034-5120-089	450,198	7/1/10	6/30/11	(45,020)			45,020					
Security Aid	12-495-034-5120-084	286,433	7/1/11	6/30/12				257,796	(286,433)	(28,637)		*	286,433
Security Aid	11-495-034-5120-084	118,148	7/1/10	6/30/11	(11,815)			11,815					
Transportation Aid	12-495-034-5120-014	92,732	7/1/11	6/30/12				83,466	(92,732)	(9,266)		*	92,732
Extraordinary Aid	12-100-034-5120-473	28,780	7/1/11	6/30/12					(28,780)	(28,780)		*	28,780
Extraordinary Aid	11-100-034-5120-473	16,470	7/1/10	6/30/11	(16,470)			16,470					
Non-public Transportation aid	12-495-034-5120-014	6,223	7/1/11	6/30/12					(6,223)	(6,223)		*	6,223
Non-public Transportation aid	10-495-034-5120-014	6,397	7/1/10	6/30/11	(6,397)			6,397					
TPAF Post Retirement Medical Contrib	12-495-034-5095-001	281,842	7/1/10	6/30/11				281,842	(281,842)			*	281,842
TPAF Non Contributory Ins	12-495-034-5095-007	140,201	7/1/10	6/30/11				140,201	(140,201)			*	140,201
Reimbursed TPAF Social Security Contrib	12-495-034-5095-002	319,730	7/1/11	6/30/12				289,988	(319,730)	(29,742)		*	319,730
Reimbursed TPAF Social Security Contrib	11-495-034-5095-002	301,712	7/1/10	6/30/11	(160)			160					
Total General Fund					(938,883)			10,853,765	(10,932,150)	(1,017,268)		(952,523)	10,932,150
Special Revenue Fund:													
Preschool Education Aid	11-495-034-5120-086	362,960	7/1/10	6/30/11	(36,296)			36,296					
Preschool Education Aid	12-495-034-5120-086	328,060	7/1/11	6/30/12				295,254	(328,060)	(32,806)		*	328,060
Total Special Revenue Fund					(36,296)			331,550	(328,060)	(32,806)		(32,806)	328,060
Capital Projects Fund:													
NJSDA Grant	950-025-09-1002	42,440	6/23/10	Closing	(42,440)			42,440					42,440
NJSDA Grant	950-025-09-1003	193,062	6/23/10	Closing	(193,062)			193,062					193,062
NJSDA Grant	950-025-09-1004	50,466	6/23/10	Closing	(50,466)			50,466					50,466
NJSDA Grant	950-025-09-1005	169,311	6/23/10	Closing	(169,311)			169,311					169,311
NJSDA Grant - HV	950-025-10-1001	179,902	7/23/10	Closing					(152,429)	(152,429)		*	152,429
NJSDA Grant - PN	950-050-10-1002	152,309	9/10/10	Closing					(152,309)	(152,309)		*	152,309
					(455,279)			455,279	(304,738)	(304,738)			760,017
Debt Service Fund:													
Debt Service Aid-Type II	12-495-034-5120-017	211,330	7/1/11	6/30/12				211,330	(211,330)			*	211,330
State Department of Agriculture:													
Enterprise Fund:													
National School Lunch Prog.	12-101-010-3350-023	4,839	7/1/11	6/30/12				4,607	(4,839)	(232)		*	4,839
National School Lunch Prog.	11-101-010-3350-023	4,534	7/1/10	6/30/11	(390)			390					
Total Enterprise Fund					(390)			4,997	(4,839)	(232)		*	4,839
Total State Financial Assistance					\$ (1,430,848)			\$ 11,856,921	\$ (11,781,117)	\$ (1,355,044)		* \$ (985,329)	\$ 12,236,396

See accompanying notes to schedules of financial assistance

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Commercial School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$36,667 for the general fund and \$86,361 for the special revenue fund. See Note 2 (Notes to Required Supplemental Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2012

(Continued)

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 382,761	\$ 10,895,483	\$ 11,278,244
Special Revenue Fund	796,914	330,343	1,127,257
Debt Service		211,330	211,330
Capital Projects Fund		304,738	304,738
Food Service Fund	<u>345,250</u>	<u>4,839</u>	<u>350,089</u>
Total Awards & Financial Assistance	\$ <u>1,524,925</u>	\$ <u>11,746,733</u>	\$ <u>13,271,658</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Township of Commercial had no outstanding loans as of June 30, 2012 other than the SDA loans in the amount of \$173,308 reported herein.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: ADJUSTMENTS

Immaterial adjustments totaling \$3,027 were noted on Schedule K-3, Schedule of Federal Awards.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified Opinion

Internal control over financial reporting:

- | | | |
|---|-----------|----------------------------|
| 1) Material weakness (es) identified? | _____ yes | <u> X </u> no |
| 2) Significant deficiencies identified? | _____ yes | <u> X </u> none reported |

Noncompliance material to basic
financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- | | | |
|---|-----------|----------------------------|
| 1) Material weakness (es) identified? | _____ yes | <u> X </u> no |
| 2) Significant deficiencies identified? | _____ Yes | <u> X </u> none reported |

Type of auditor's report issued on compliance for
major programs:

Unqualified Opinion

Any audit findings disclosed that are required to be
reported in accordance with section .510(a) of
Circular A-133?

_____ yes X no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I
84.389	ARRA- Title I
84.410A	Education Jobs Fund
10.553	National Breakfast Program
10.555	National School Lunch
10.555	National Snack Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

Equalization Aid
Special Education Categorical Aid
Security Aid

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

Section II - Financial Statement Findings

Finding: 2012-6

Criteria or specific requirement:

Generally Accepted Accounting Principles for New Jersey School Districts requires that districts maintain a fixed asset accounting system that includes asset descriptions, historical cost, funding source, estimated useful lives, depreciation expense and accumulated depreciation.

Condition:

While the district maintains fixed asset records, the updated report, prepared by an outside appraisal company, was not available for examination in a timely manner and accordingly, the current year amounts were determined and adjusted as part of the audit, based on the previous outside appraisal report.

Context:

Fixed asset reporting is required by GASB 34 and included in the District-wide Financial Statements.

Effect:

Material misstatement of the financial statements would have resulted, pertaining to historical cost and accumulated depreciation on the statement of net assets and depreciation expense on the statement of activities, if the adjustments were not made as part of the audit.

Cause:

Inadvertent delay in submission of information.

Recommendation:

Additions and deletions of fixed assets made during the year should be communicated to the outside appraisal company in a more timely manner, in order to acquire an updated fixed asset report for inclusion of information in the Comprehensive Annual Financial Report.

Management's response:

The finding will be addressed in the corrective action plan, as required by the New Jersey Department of Education.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

FEDERAL AWARDS

Finding: NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

Financial Statements

Finding: 2011-6

Condition:

While the district maintains fixed asset records, the updated report, prepared by an outside appraisal company, was not available for examination in a timely manner and accordingly, the current year amounts were determined and adjusted as part of the audit, based on the previous outside appraisal report.

Recommendation:

Additions and deletions of fixed assets made during the year should be communicated to the outside appraisal company in a more timely manner, in order to acquire an updated fixed asset report for inclusion of information in the Comprehensive Annual Financial Report.

Current Status:

This finding is repeated in this years recommendations as current year finding 2012-6.